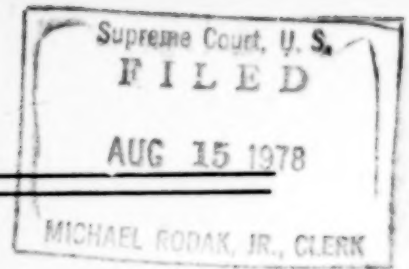


APPENDIX



Supreme Court of the United States

OCTOBER TERM, 1978

No. 76-1309

UNITED STATES OF AMERICA,

Petitioner,

—v.—

ALFREDO L. CACERES

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT
OF APPEALS FOR THE NINTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI FILED MARCH 21, 1977
CERTIORARI GRANTED JUNE 5, 1978

Supreme Court of the United States

OCTOBER TERM, 1978

No. 76-1309

UNITED STATES OF AMERICA,

Petitioner,

—v.—

ALFREDO L. CACERES

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT
OF APPEALS FOR THE NINTH CIRCUIT

INDEX *

	Page
Relevant Docket Entries	1
Indictment, filed February 26, 1975	3
Transcript of Proceedings on Defendant's Motion to Suppress	5
Defendant's Exhibit A, filed December 8, 1975	46
Defendant's Exhibit B, filed December 8, 1975	47
Defendant's Exhibit C, filed December 8, 1975	48
Defendant's Exhibit D, filed December 8, 1975	49
Defendant's Exhibit E, filed December 8, 1975	51
Defendant's Exhibit F, filed December 8, 1975	53
Defendant's Exhibit G, filed December 8, 1975	56

* A copy of the opinion of the United States Court of Appeals for the Ninth Circuit was reproduced as Appendix A to the petition for a writ of certiorari (pp. 1a-12a). The order of the court of appeals modifying the opinion was reproduced as Appendix B to the petition (p. 13a-14a), and the order of the United States District Court for the Northern District of California, granting defendant's motion to suppress, was reproduced as Appendix C to the petition (p. 15a-21a).

	Page
Defendant's Exhibit H, filed December 8, 1975	57
Defendant's Exhibit I, filed December 8, 1975	58
Defendant's Exhibit J, filed December 8, 1975	59
Defendant's Exhibit K, filed December 8, 1975	60
Defendant's Exhibit L, filed December 8, 1975	63
Defendant's Exhibit M, filed December 8, 1975	70
Defendant's Exhibit N, filed December 8, 1975	73
Defendant's Exhibit O, filed December 8, 1975	74
Defendant's Exhibit P, filed December 8, 1975	76
Order allowing Certiorari	80

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

CR 75 129 RHS

UNITED STATES

v.

ALFREDO L. CACERES

Date	Proceedings
2/26/75	1. Filed Indictment
3/7/75	— ORD: Deft pres, entered a pl of Not Guilty, all mos to be heard no later than 3/28/75 & cont'd for setting 3/28/75. RHS
8/11/75	— ORD: jr. tr.; jury impanelled; witnesses sworn, evid. introd.; RHS
8/22/75	— ORD.: jury hangs, discharged; all exhibits withdrawn; court disqualified itself RHS
8/27/75	11. Filed order of reassignment to Hon. GEORGE HARRIS. OJC
11/24/75	33. Defendant's notice of motion to suppress evidence obtained by illegal searches and seizures; motion to suppress; memo in support of motion to suppress; and proposed order (12/3/75 10 am)
12/3/75	43. Defendant's supplemental memo in support of defendant's motion to suppress
12/5/75	45. Government's response to defendant's motion to suppress evidence.
12/8/75	46. Defendant's reply memo to the government's motion to suppress evidence.

Date	Proceedings
12/8/75	49. MINUTE ORDER for 12/8/75: on defendant's motions to suppress for discovery and inspection and to strike portions of the Goldenberg affidavit. Statements, evidence, testimony, further hearing set for 12/10/75 10 am
12/10/75	50. MINUTE ORDER FOR 12/10/75: further hearing of defendant's motions to suppress for discovery and inspection and to strike portions of Goldenberg affidavit-submitted GBH
12/16/75	53. Opinion and ORDER granting defendant's motion to suppress—GBH
1/7/76	55. MINUTE ORDER: Motions & trial date vacated; further motion to be made at a time to be set later—GBH
1/9/76	56. NOTICE OF APPEAL by plaintiff (from Order suppressing evidence, dated 12-16-75)
1/13/76	57. Appellant's designation of record on appeal
1/13/76	58. Appellant's request for preparation of appeal transcripts
1/16/76	60. Stipulation & ORDER vacating 1-7-76 hearing date & 1-19-76 trial date pending an appeal by the Govt.—GBH
1/29/76	62. Reporter's Transcript of Dec. 8 & 10, 1975 (orig. & 2 copies)
2/6/76	— Made and Mailed Record on appeal

JAMES L. BROWNING, JR.
United States Attorney
Attorney for Plaintiff

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

Criminal No. CR75 129RHS

[Filed Feb. 26, 1975]

UNITED STATES OF AMERICA, PLAINTIFF

v.

ALFREDO L. CACERES, DEFENDANT

VIOLATION: Title 18 U.S.C.
Section 201(b)—Bribery of a
Public Official

INDICTMENT

COUNT ONE: [T. 18 U.S.C. § 201(b)]

The Grand Jury charges: THAT

On or about January 31, 1975, in the City and County of San Francisco, State and Northern District of California,

ALFREDO L. CACERES

corruptly gave \$500.00 to a public official with the intent to induce said official to do acts in violation of his lawful duty, relating to defendant's federal income tax for the year 1971 and employment taxes for the years 1971 and 1972.

COUNT TWO: [T. 18 U.S.C. § 201(b)]

The Grand Jury further charges: THAT

On or about February 6, 1975, in the City and County of San Francisco, State and Northern District of California,

ALFREDO L. CACERES

corruptly offered \$2,000.00 to a public official with the intent to induce said official to do acts in violation of his lawful duty, relating to defendant's federal income taxes for the years 1973 and 1974.

COUNT THREE: [T. 18 U.S.C. § 201 (b)]

The Grand Jury further charges: THAT

On or about February 11, 1975, in the City and County of San Francisco, State and Northern District of California,

ALFREDO L. CACERES

corruptly gave \$500.00 to a public official with the intent to induce said official to do acts in violation of his lawful duty, relating to defendant's federal income tax for the year 1971 and employment taxes for the years 1971 and 1972.

A True Bill.

JAMES L. BROWNING, JR.
United States Attorney

(Approved as to Form —)

IN THE UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

No. CR 75-129 GBH

BEFORE: THE HONORABLE GEORGE B. HARRIS,
JUDGE

UNITED STATES OF AMERICA, PLAINTIFF

vs.

ALFREDO L. CACERES, DEFENDANT

REPORTER'S TRANSCRIPT:

MONDAY, DECEMBER 8, 1975

WEDNESDAY, DECEMBER 10, 1975

TRANSCRIPT ON APPEAL

INDEX

Monday, December 8, 1975—Motion to Suppress, Motion for
Discovery and Inspection and Motion to Strike Portions
of Goldenberg's Affidavit

Wednesday, December 10, 1975—Further Hearing on Motions

WITNESSES: (For Defendant) PAGE

WILLIAM HILL

Direct Examination by Mr. Brosnahan	26
Cross-Examination by Mr. Ward	54
Redirect Examination by Mr. Brosnahan	58

ROBERT K. YEE

Direct Examination by Mr. Brosnahan	10
Cross-Examination by Mr. Ward	20
Redirect Examination by Mr. Brosnahan	23
Recross-Examination by Mr. Ward	25

EXHIBITS:	IDEN	EVID
For Defendant: A through P		61
For plaintiff: No. 1	61	62

[3] PROCEEDINGS

MONDAY, DECEMBER 8, 1975:

THE CLERK: Criminal 75-129, United States versus
Alfredo L. Caceres; defendant's motion to suppress, motion
for discovery and inspection, and motion to strike
portions of Goldenberg's affidavit.

MR. WARD: Robert Ward appearing for the Gov-
ernment, Your Honor. Good afternoon.

MR. BROSNAHAN: Good afternoon, Your Honor.
James Brosnahan appearing for the defendant, Dr.
Caceres.

THE COURT: Will you proceed, please?

MR. BROSNAHAN: Your Honor, I would like to
make a brief statement. We filed several memorandums
to Your Honor. We have prepared a copy of some charts
that we have here which I think will be helpful for the
Court on the question of what is the proper authorization
that should be obtained.

To start with, if the Court please, we are concerned
with two types of electronic surveillance undertaken by
the Internal Security Division of the Internal Revenue
Service.

The first type is telephone electronic eavesdropping
accomplished allegedly and presumably with the consent
of Agent Yee when he was talking on the phone with
Dr. Caceres. There were a number of those. The first
one started March 21 [4] of 1974, and there were a
number of telephone conversations.

There were also three in-person conversations which
were monitored by an electronic device on the person of
Agent Yee without the knowledge of Dr. Caceres. The
first of those occurred on January 31st, 1975, at 2:04
in the afternoon.

So we have seven telephone conversations and three
in-person conversations.

As Your Honor knows from the memoranda which
we have filed in the last ten or so years out of all the
controversy about electronic surveillance, the Internal
Revenue Service, to its great credit, adopted specific

regulations, determining how authority could be obtained, what persons within the Government would be required to give authority. Those regulations were prepared and they have been published. We found them in the CCH Tax Advisor, and the Internal Revenue has put those out for the world to see.

These are two types of procedures, one for telephone and one for in-person. It is obvious from an examination of these procedures that the telephone authority was not considered to be quite as sensitive or serious as the in-person conversations.

The non-telephone monitoring, where there is no emergency, calls for approval by the Attorney General of the United States or an Assistant Attorney General specially [5] designated by him, so that these Internal Revenue Service Regulations in that regard, at least, are similar to the wiretap regulations and the statutory provisions. And I imagine Your Honor has had some of those cases.

The first point that the defense makes is that the Internal Revenue Service, out of all the people they could have chosen in the Government who they thought would be the appropriate person to approve or not approve in-person telephonic monitoring, they determined that it should be done by the Attorney General or Assistant Attorney General designated by him.

We point out in the beginning that attorney generals and assistant attorney generals are approved by the Senate, an item which is of tremendous importance in the wiretap field. There is no mention of a deputy attorney general.

In the case of in-person telephone monitoring, the authorization is to be obtained starting with the inspector who was in the field. He is to go to the regional inspector, who is a person here in this region, in this city, who, in turn, must go to the Director of Internal Security Division, who is in Washington, who must sign this request and then it must go to the Attorney General. Then, the memorandum of approval must come back down through channels to the inspector.

That was authorized, as far as the Internal Revenue [6] Service was concerned, as a matter of policy long

before the Caceres case. They didn't want any inspector, any regional inspector or anybody else deciding that they ought to have this electronic surveillance.

Then, as an additional safeguard, there is to be a report back to the Director of Internal Security Division explaining what has happened and setting out certain information, all of which is described in these regulations.

Now that is the first thing that we start with so far as the in-person conversations are concerned. We will establish, as a matter of fact, that not one of the in-person monitorings was ever authorized by either an attorney general or an assistant attorney general in this case. If that was done, that will be news to us. We have now seen what purports to be all of the authorizing memoranda. We have seen the affidavit of Mr. Goldenberg, we have read carefully the legal memoranda of the Government. We don't see a word in there about assistant attorney general or an attorney general.

There was evidently, as to one of the in-person conversations, a purported authorization by a deputy assistant attorney general.

As Your Honor well knows, that is a person who is under the assistant attorney general in the Department of Justice. That is not the deputy attorney general who serves under the attorney general. It is a deputy assistant attorney [7] general who serves under an assistant attorney general in one of the divisions of the department.

So we start, and we think the evidence will show this, from the proposition that the proper authorities never authorized this.

From the Government's memoranda, it is clear that they will argue that there was an emergency that somehow justified the emergency provisions under Paragraph 652 subpart 22. Those emergencies are described as being when less than 48 hours is available.

In those cases, the inspector may put in to the Director of Internal Security Division for authorization, and the Director of Internal Security Division or one

other official that was named may make an authorization.

We argue that that authorization must be in written form and must be obtained before the monitoring goes on. We argue that it is precisely the discretion of a national person, not caught up in the emotion of a local investigation, who is supposed to have this independent judgment, which is placed there for the protection of persons against whom these monitoring devices will be used.

In the case where emergency situations are found to actually exist in the discretion of the Director of Internal Security Division, he may authorize it, all right, but then information is to come back to him and he is to make [8] a report to the attorney general as to what has gone on and there is to be an explanation as to why it was that the emergency provisions had to be used.

The whole purpose of it, very clearly, is to insist that these regulations, once adopted by the Internal Revenue Service, be followed by all of the inspectors and others.

We will show, as a matter of fact, in the evidence, here, that there was no real emergency. The only created emergency was when Agent Yee was talking to Dr. Caceres on the question of when they would meet. And it was Agent Yee who suggested to Dr. Caceres in each case that they meet "tomorrow."

Thus, the emergency was created by the inspector and not by any outside third party, and certainly not by Dr. Caceres. It was done not once but three times.

The transcripts show that, Your Honor, and we have argued that to Your Honor in the supplemental memorandum which was filed this morning.

The third system has to do with telephone surveillance. In that case, the inspector in the field is to get the approval by the assistant regional inspector, and that is to be done in writing except—and I will get to the except in just a moment—it was not really done in writing, it was done on the phone at all times.

The regulations provide that there may be oral [9] approval if the assistant regional inspector believes that

it is appropriate, but there must be a follow-up immediately to say why this was required.

We will be examining into these documents to see whether they really have properly complied with these regulations as we go along in the hearing.

We are prepared to call our first witness, Your Honor, if that is appropriate.

THE COURT: Do you desire to make a statement?

MR. WARD: I might say, Your Honor, that it is the Government's view that if evidence is adduced, the evidence will show that the agents were in compliance with the regulations in this matter. If not in literal compliance, certainly they were in substantial compliance.

Does the Court wish to, perhaps in advance of hearing evidence, listen to arguments pertaining to the issue of even if the defendant is successful in showing that the regulations or the instructions were not complied with, it is the Government's very strong view that, nevertheless, that is not just cause for the evidence in this case being suppressed. If the Court wishes to hear arguments on that aspect, perhaps prior to bringing on evidence, there might not be any need for evidence.

THE COURT: I think I will hear the matter with continuity.

[10] Go right ahead.

MR. WARD: Very well.

MR. BROSNAHAN: Thank you.

We will call Agent Yee, Your Honor.

AGENT ROBERT K. YEE,

a witness called on behalf of the defendant, having been first duly sworn, was examined and testified as follows:

THE CLERK: Please take the stand.

Please state your name and occupation.

THE WITNESS: Robert K. Yee, Internal Revenue Agent.

THE CLERK: Thank you.

DIRECT EXAMINATION

BY MR. BROSNAHAN:

Q. What is your occupation, sir?

A. Internal Revenue Agent.

Q. How long have you been so employed?

A. I have been employed since '72.

Q. During an investigation in 1974, did you have occasion to record a telephone conversation that you had with Dr. Caceres?

A. I didn't do any recording.

Q. Were you present when your telephone conversation [11] with Dr. Caceres was recorded in 1974?

A. On which date?

THE COURT: What was that?

THE WITNESS: I don't know which date he is talking about.

MR. BROSNAHAN: Q. Let me ask you this, Mr. Yee: In 1974, not 1975, but 1974, was there more than one telephone conversation recorded in which you talked to Dr. Caceres?

A. I remember one. There may have been two; I don't know.

Q. You recall one and there may have been two. I take it you are less sure about the second one; is that right?

A. I am not familiar with the dates, sir. I don't really recall the dates right now.

Q. Well, do you recall when the investigation began concerning the allegation that Dr. Caceres had made an offer to you of a personal settlement? Do you recall that?

A. Yes, I do.

Q. Around that time, was there one personal telephone conversation recorded or more than one?

A. I really don't remember.

Q. Now the transcripts which have been produced and used at the first trial, you will accept my word for this, a telephone conversation of March 21, 1974, at 11:33 a.m.— [12] do you recall that conversation?

A. I remember making a call. I really do not remember the total substance of the call.

Q. Do you recall where you were when you made the call?

A. Yes, I was at the Inspection Office.

Q. Where is that located?

A. On Pine Street.

Q. Who else was with you?

A. Inspector Hill and there was a technician operating there, a tape recorder.

Q. Was the telephone conversation recorded?

A. Yes.

Q. How was it recorded?

A. They had a tape recorder with a device on the handle.

Q. Do you know whether any approval had been obtained for monitoring that telephone conversation before it was done?

A. I don't know of any.

Q. You didn't obtain any from anybody?

A. No.

Q. Do you know anybody that did obtain any approval to monitor your telephone conversation?

A. I don't know what Inspection was doing as far as that was concerned. I wasn't concerned with that.

Q. There are other telephone conversations which we [13] have the transcripts of in 1975, including January 28, 1975, January 28, 1975, second call, January 29, 1975, January 30, 1975. Let's take those four conversations.

Where did you make those telephone calls from?

A. They were at the Inspection Office.

Q. In each case where the conversation was recorded, did you initiate the call?

A. Yes, sir.

Q. In each case before you called, did you discuss with anyone what you were going to say once you got on the line?

A. Yes, generally.

Q. Do you know whether or not approval was obtained or authorization was obtained for those telephone conversations?

A. I don't know.

Q. Directing your attention to the first in-person conversation, January 31, 1975, at 2:04 p.m., do you recall the first time that an in-person conversation with Dr. Caceres was monitored?

A. There was—with the doctor, no. That would have been, probably have been the first one.

Q. Do you know how many times you had a monitoring device on your person when you talked to Dr. Caceres?

A. At that time and the next two meetings, I think.

Q. Are you sure that it was only three times?

[14] A. That is all I can recall right now.

Q. Now with regard to the first one on January 31, 1975, do you know whether there was any authorization for that monitoring?

A. I don't know.

Q. You didn't obtain any, at any rate.

A. No.

Q. Who was in charge of the investigation?

A. I don't know. It was either Inspector Hill or Inspector Goldenberg; I don't know.

Q. Who was with you when this first in-person device was put on your person? Was that Agent Hill?

A. Yes.

Q. Was he present the other times when you geared up to go to talk to Dr. Caceres in person?

A. I believe so.

Q. Was Agent Hill present during all of the telephone conversations as well?

A. I believe so.

Q. In the interest of time, Mr. Yee, we have taken portions of the transcript from your different calls and put it into our reply memorandum today. I don't know if you have seen this, but the first one, having to do with setting up this meeting, January 31, 1975, reads, and I quote—it is not very long:

[15] "CACERES: Hello.

"YEE: Dr. Caceres?

"CACERES: Yes; how are you?

"YEE: Not bad. Yourself?

"CACERES: Fine, thank you. You just caught me in.

"YEE: Yeah, I've been trying to get ahold of you this afternoon.

"CACERES: I'm a little bit out of breath.

"YEE: Oh, well; ah say, I've been considering the case and ah what we've been talking about this week and ah maybe I could be a, have a little bit more latitude on, on the time factor but uhm I want to meet with you ah tomorrow and discuss ah these things.

"CACERES: All right. Well, I'll arrange my schedule to your convenience."

Do you recall making those statements to Dr. Caceres?

A. Yes.

Q. It was you who suggested meeting tomorrow?

A. That is right.

Q. Did you discuss that with Agent Hill before you made the call?

A. Yes.

Q. And he approved of that procedure, I take it?

A. Well, a date was decided because it was the last [16] day of the statute period as far as the normal filing of employer tax returns, so I had stalled all along this week and it just came down to a matter of getting one meeting in where I could either find out yes or no as to the disposition of the case.

Q. The last day of the statute was in June, wasn't it?

A. No.

Q. What day do you say, Agent Yee, the last day of the statute was, January 31, 1975?

A. For a 940 Federal Unemployment Tax Return, a normal statute runs on January 31.

Q. And which statute are you referring to, sir?

A. The 1971 940 return.

Q. Were you auditing the 1971 return?

A. Yes sir.

Q. And the statute ran on that day, did it?

A. No, it was filed late so it would have run whenever the date he did file, but the time period exactly of filing was very short.

A. At that time and the next two meeting, I think.

Q. Let's just look at your knowledge of it.

You knew that the statute ran from the day that the return was filed, didn't you?

A. Yes sir.

Q. And the return wasn't filed on January 31, 1975, was it?

[17] A. No.

Q. 1971; I am sorry.

A. No.

Q. When was it filed?

A. It was filed in February some time.

Q. So the statute didn't run that day, did it?

A. No, it didn't.

Q. And you knew that it didn't run on that day; isn't that true?

A. Yes, I knew that.

Q. Agent Yee, I'd like to briefly read from the transcript in which the second in-person meeting was set up February 6, 1975.

Reading from Page 3 of our memo:

"CACERES: Hello.

"YEE: Doctor?

"CACERES: Yes; how are you?

"YEE: Hi; not bad.

"CACERES: Good.

"YEE: I have got the agreement form drawn up and I thought you might like to see it.

"CACERES: All right. Um, what to—what time?

"YEE: Ah, well, ah I was thinking about tomorrow afternoon.

"CACERES: Are you at the office now?

[18] "YEE: Ah, no, I'm outside.

"If we say 3:00 o'clock, then would that be okay?"
Do you recall making those statements to Dr. Caceres?

A. Yes.

Q. Again, you asked for a meeting the following day.

A. Yes.

Q. Was that approved by Agent Hill before you made the call?

A. Yes.

Q. So that we might understand the procedure, each time before you made a call to Dr. Caceres, you talked to Agent Hill about what you were going to say?

A. Not the exact conversation, no. What is generally discussed prior to a phone call is what I am about to say, what I say myself, and he approves as to what I have to say.

Q. The two of you then, so I may understand it, would talk together and hit upon a general plan as to what you were going to say in general on the phone; is that true?

A. Yeah.

Q. Now the conversation for the third in-person conversation, February 11, 1975, is as follows on Page 4 of our memorandum:

"YEE: The returns are still old so I got to move kind of quickly on them. Old in as far as the Internal [19] Revenue is concerned. You know . . . Remember the statute? The statutes—

"CACERES: Yeah, yeah, yeah. I will get that thing for you Tuesday. If you need it before, I'll get it tomorrow.

"YEE: Let's make it Tuesday."

Do you recall saying that to Dr. Caceres?

A. Yes.

Q. Did you check that with Agent Hill before you said it?

A. In a way, yes.

Q. Now have you ever seen any authorization forms or memoranda dealing with obtaining authorization for any of these telephone or in-person conversations?

A. Nope.

Q. You are a Revenue Agent?

A. That is right.

MR. BROSNAN: May I have just a moment, Your Honor? I think that is all I have of this witness.

THE COURT: Surely.

MR. BROSNAN: That is all we have of this witness, Your Honor.

Thank you.

THE COURT: Mr. Ward?

[20] CROSS-EXAMINATION

BY MR. WARD:

Q. Mr. Yee, prior to your meeting of January 31, had you met with Dr. Caceres on January 27?

A. Yes.

Q. In that meeting with Dr. Caceres, had you given him any indication about the length of time, how much further you would go in discussing with him the audit on a particular return?

A. Yes.

Q. Can you just tell us the substance of what you said to him?

A. Well, it came down to the fact that he wanted additional time to go over certain records. And I told him that the time period in which to act was very short and I could not wait another week, I had to know.

Q. And was, in fact, the time period short in your mind?

A. Yes, it was.

Q. What was your belief at that time as to when the statute ran, the particular statute that you discussed on direct examination?

A. Well, I had, I knew that it would run in March or February, late February or March sometime.

Q. Did you, then, account for administrative time in turning in your reports as agreed upon?

[21] A. Oh, yes. There would have been a time period to write up the case and then there would have been a time period for submission to my supervisor and also on to the review branch and the various other administrative things that go on before a case is processed.

Q. At any time prior to the January 31 meeting, did you make any estimate to Dr. Caceres or any of his representatives that you would not let the matter go into February?

A. I might have said that.

Q. Was that a time fixed by yourself or by—I am talking about these preliminary conversations—was that a time that you were concerned about or was it some-

thing that Agent Hill or any other inspector had advised you of?

A. I was concerned about the date. I wanted to have enough time to work the case and get it into process.

Q. Did Agent Hill or any other representative of Inspection ever say to you that they wanted a meeting with the doctor at a certain date so that they could secure emergency authorization or bypass any of the rules of authorization?

A. They never mentioned anything about authorization to me.

Q. Did you have any knowledge or familiarity with the authorization procedures or instructions of Agent Hill and [22] the other Inspection agents?

A. I have heard them talking about it at times, but it didn't mean anything to me.

Q. Now with respect to the meeting that took place on February 6, can you tell us how that meeting happened to take place on that date?

A. Well, on the 31st, at the conclusion of the meeting, it was generally decided upon that I would go back to my office and work up the figures, based on what we had discussed during that meeting, and that I said I would either send it over to him or we could meet somewhere. And then he said, "Why don't we meet," and so I called him on the 5th, the day before the meeting, to tell him that I had my figures drawn up.

Q. When you called him on the 5th, did you have any particular instruction from Agent Hill or any other agent as to when to set the meeting?

A. Well, I think generally they told me when to have it so that they could have enough people to cover the meeting.

Q. Did you ever state any reason other than that for the time they suggested?

A. No.

MR. WARD: No further questions.

MR. BROSNAHAN: Just a question or two, Your Honor.

[23] REDIRECT EXAMINATION

BY MR. BROSNAHAN:

Q. Agent Yee, the testimony is that the first conversation which was monitored was in March of 1974. I take it there is no question but that that is true, that the first conversation monitored by telephone with electronic devices occurred in March of 1974; is that right?

A. Yes.

Q. At that time, it is your testimony, isn't it, that Dr. Caceres had offered to make a personal settlement to you? Isn't that your version of what had occurred before March 21, 1974?

A. That is right.

Q. And, of course, in March of 1974, the statute of limitations that you have been talking about had a full year to run, didn't it?

A. Yeah, just about.

Q. And in March of 1974, you were already in contact with Agent Hill, who is here in the courtroom, weren't you?

A. Yes.

Q. And you had advised him of your version of what had occurred in the conversation with Dr. Caceres whereby you claimed that Dr. Caceres had offered you a personal settlement; isn't that right?

A. That is right.

Q. But there were no monitored conversations between [24] March of 1974 and January 28 of 1975; isn't that also true?

A. That is about right.

Q. So in that period of approximately ten and a half months, the Internal Revenue Service, so far as your information is concerned, did not have any monitored conversations with Dr. Caceres.

A. That is right. I didn't deal with him.

Q. You didn't deal with him during that period?

A. No.

Q. You never called him during that period?

A. No. The week after—okay. That week, I had

phoned him up and gave him a list of things to bring for our meeting and we had set up a March 28 date.

Q. But in April, May, June, July, August, September and so forth, throughout 1974, you never called Dr. Caceres, did you?

A. No.

Q. Agent Hill never asked you to call him, did he?

A. No.

Q. And during that time period, you were fully aware that the statute of limitations was running, weren't you?

A. Well, yeah.

Q. That is part of your regular work, you know that the statute always runs and you knew that the statute was running during the year 1974; isn't that right?

[25] A. Normally, you don't get too concerned with it a year in advance.

Q. How about six months in advance, you get concerned then, don't you?

A. Slightly.

Q. Yes.

Thank you. That is all I have.

THE COURT: Let's take about a five-minute recess.
(Brief recess.)

RECROSS-EXAMINATION

BY MR. WARD:

Q. Mr. Yee, during the period of time that Mr. Brosnahan most recently referred to, that is, from approximately April of '74 through January of '75, did you have any dealings with anyone else besides Dr. Caceres in pursuing your audit?

A. Oh, I was dealing with his accountant at that time.

Q. And were you dealing with anyone else in addition to the accountant?

A. His wife was available sometimes also.

Q. Did his wife do some of the bookkeeping for Dr. Caceres?

A. Apparently, she was handling the records.

Q. And at any time during that period of time did you attempt to call Dr. Caceres?

A. Nope.

[26] Q. Did you attempt to contact him at any time during that period of time?

A. No, I felt the accountant was doing the best he could do.

Q. Thank you.

No further questions.

MR. BROSNAHAN: I have no further questions, Your Honor.

Thank you.

THE COURT: You may step down.

(Witness excused.)

MR. BROSNAHAN: Call Agent Hill.

AGENT WILLIAM HILL,

a witness called on behalf of the defendant, having been first duly sworn, was examined and testified as follows:

THE CLERK: Please state your name and occupation.

THE WITNESS: William Hill, Criminal Investigator.

DIRECT EXAMINATION

BY MR. BROSNAHAN:

Q. For whom are you a criminal investigator, Mr. Hill?

A. The Internal Revenue Service, Inspector Division.

Q. How long have you been so employed?

[27] A. Five years.

Q. Did you work on the Caceres investigation?

A. Yes, I did.

Q. Were you in charge of this investigation?

A. I was the case inspector, yes sir.

Q. In the terminology of your office, if you are the case inspector, does that mean you are in charge of it?

A. Yes.

Q. Who assisted you in that investigation, what agents, by name and rank, please.

A. Inspector Marvin Stevens was a mechanical assistant. Inspector Ted Goldenberg, my supervisor, was involved.

Ed Westbrook was a supervisor through part of it.

There were several other technical assistants. Do you want their names also?

Q. If you can remember them, yes.

A. Inspector Dave Jorgenson, who was a technician.

Inspector Wayne Pagent, who was a technician.

I believe that would be it that were directly involved. There were several others that were involved in surveillances, in person, in meetings between Agent Yee and Dr. Caceres.

Q. Directing your attention to March of 1974, had there come a time when Agent Yee had reported to the office concerning Dr. Caceres?

[28] A. Yes.

Q. When did he do that, do you recall?

A. I believe that date was March 14, 1974.

Q. Did he talk with you on March 14?

A. Yes, he did.

Q. He gave you his version of what had occurred on Dr. Caceres?

A. Yes.

Q. Gave you an affidavit?

A. Yes, he did.

Q. You knew that, based on the information you had, it was possible that an effort had been made to bribe an Internal Revenue Service Agent, according to Agent Yee's testimony?

A. That is correct.

Q. You opened a file on the matter?

A. Yes.

Q. Did you plan at that point electronic surveillance of Dr. Caceres?

A. Electronic monitoring, not necessarily surveillance.

Q. Let's take monitoring.

What do you mean when you say, "monitoring"?

A. Recording of telephone conversations or possibly in-person meetings.

Q. Surveillance would be from a car across the street, [29] or what do you mean when you say, "surveillance"?

A. It could be the use of eavesdropping equipment from a distance other than telephonic use, or any other means using electronic equipment.

Q. But on the 14th of March, 1974, did you plan electronic monitoring of Dr. Caceres?

A. That is correct.

Q. Included in your plans were electronic monitoring of the telephone?

A. I believe so, yes sir.

Q. And in person?

A. Yes sir.

Q. Now you are an agent in the Internal Security Division of the Internal Revenue Service.

A. Yes. My title is Inspector rather than Agent.

Q. Inspector; thank you.

And that is a division that has duties concerning the integrity of the Internal Revenue Service.

A. Yes.

Q. It is not the Intelligence Division, is it?

A. No, it is not.

Q. It is separate from the Intelligence Division.

A. Yes.

Q. It doesn't report to the Intelligence Division?

A. No.

[30] Q. On the 14th of March, 1974, were you familiar with the regulations which governed the obtaining of approval for electronic monitoring?

A. Yes, I was.

Q. On March 14, did you seek authorization from any person to electronically monitor any telephone conversations with Dr. Caceres?

A. I am not sure if we did on that date or not, no.

Q. There is a telephone conversation in the file on March 21, 1974. Do you recall the first telephone conversation that was monitored between Mr. Yee and Dr. Caceres?

A. Probably was the one on March 21. I only recall one conversation between the two of them in March of '74.

Q. Let's see if we can tie that down a little bit.

You recall only one conversation monitored between Agent Yee and Dr. Caceres in March of 1974; is that right?

A. Yes.

Q. Do you recall any other telephone conversations which were monitored in the year 1974 between the two men?

A. No, I do not.

Q. Now had you obtained written authority—written authority—from the regional inspector or the assistant regional inspector before that monitoring on March 21, 1974?

A. Written authority, I am not sure. I would have received oral authority.

[31] Q. But as to written authority, you are not sure whether you received that or not?

A. No, I am not.

Q. Can you tell us whether or not you had put in a written form for authority before that date?

A. No. No, I could not be sure.

Q. You just don't know whether you did or not.

A. Not the written, no.

I do know about the oral.

Q. Have you reviewed any documents before coming to testify here today?

A. Yes, I did look at the request.

Q. And that does not refresh your recollection, I take it.

A. I don't recall on that specific one if it had been submitted prior.

MR. BROSNAHAN: May I approach the witness, Your Honor?

THE COURT: You may.

MR. BROSNAHAN: Q. Agent Hill, I show you what has been marked as Defendant's Exhibit A and ask you whether you can identify that document for us.

A. Yes, it appears to be a document I prepared.

Q. What form is that?

A. It is Form M-5658-A.

[32] Q. And up at the top it shows a type of request, extension. Do you see that?

A. Yes, I do.

Q. What does that mean?

A. It would indicate that there had been prior requests submitted.

Q. Now the date in the upper right-hand corner is 3/21/74. Is that the date this form was made out?

A. Yes.

Q. It is signed in the lower right-hand corner by a Mr. Cohen. Do you see that?

A. Yes.

Q. Who is Mr. Cohen?

A. Barry Cohen was the assistant regional inspector in charge of security at that time.

Q. Can you tell us on what day Mr. Cohen signed it?

A. No, I can't.

Q. From any evidence or material that you have or recollection in any way, can you tell us when he signed it?

A. No, I can't.

Q. Can you tell us whether or not he signed it before you monitored the conversation between Mr. Caceres and Mr. Yee on March 21, 1974?

A. No, I can't.

Q. Can you tell us whether or not what you did was [33] monitor the telephone conversation and then call up the assistant regional director and get authority?

A. No, that would not have been the case.

Q. You are sure about that?

A. Yes.

Q. Where is Mr. Cohen today?

A. He is in Washington, D.C.

Q. Does he have a position with the Government?

A. Yes, he does.

Q. What is his title?

A. He is assistant director of internal security.

Q. You recall that you called Mr. Cohen before you monitored the telephone conversation on March 21?

A. I probably would not have called him. His office was next to my office, there, and I probably would have spoken to him in person.

Q. Did you talk with him personally or somebody in his office?

A. It would have been him.

Q. Do you recall that it was he that you talked to and got authority from him?

A. On that specific case, no, or that specific date, I couldn't be sure it was him. My form says it was the assistant regional inspector.

Q. Who else might it have been if it were not Mr. Cohen?

[34] A. It couldn't have been anyone. It doesn't say acting, so there would have been no one acting in his place.

Q. You have no specific recollection of having asked Mr. Cohen in person for authority to monitor on March 21, 1974?

A. No, sir, not on that date.

Q. And you are unable to tell us, I take it, based on your recollection, who you did ask.

A. No, not of my recollection, just by the form, itself.

Q. I show you Defendant's Exhibit B, if I may, and ask you to identify that for us. What is that?

A. That is a memorandum that I wrote on March 21.

Q. It is to the assistant regional inspector, isn't it?

A. Yes, it is.

Q. The telephone call that was monitored was at 9:20 to 9:30 in the morning; isn't that right?

A. Between those times, yes.

Q. Before you monitored the telephone conversation between 9:20 and 9:30 in the morning, had you typed out Defendant's Exhibit A, which is the authorization form?

A. No, I wouldn't have typed it under any circumstances.

Q. I would hope not. But did anybody type it up before 9:20 in the morning?

A. I couldn't be sure.

Q. You didn't present a written form to anyone for [35] authorization before the telephone call on March 21, did you?

A. No.

Q. It was all oral?

A. Yes.

Q. Now may I show you Defendant's Exhibit C and ask you if you will identify that for us.

A. Yes, that is a copy of a memorandum that I wrote on January 31, 1975.

Q. Who was that to?

A. The assistant regional inspector.

Q. And—

MR. WARD: I am sorry; may I see Defendant's C?

MR. BROSNAHAN: Certainly.

(Passing document.)

Q. Defendant's Exhibit C is a memorandum to the assistant regional inspector from you; is that right?

A. Yes.

Q. It is describing the fact that there has been some monitoring of telephone conversations; is that true?

A. Yes.

Q. Now I show you Defendant's Exhibit D and ask you if you can tell us what that is.

A. That is a request for authorization to use electronic equipment for telephone recording dated January 29, 1975.

[36] Q. Did you prepare that document?

A. Yes.

Q. Do you know who signed that document?

A. No, I don't; I don't recall.

Q. I show you Defendant's Exhibit E and ask you whether you can identify that for us, please.

A. Yes, that is a memorandum written by me to the assistant regional inspector dated January 29, 1975.

Q. I now show you Defendant's Exhibit F and ask you if you can tell us what that is.

A. That is a request for authorization to use electronic equipment for telephone monitoring dated January 28, 1975, from me to the assistant regional inspector.

Q. Agent Hill, when you were working with Agent Yee, who was calling on Dr. Caceres, was it your practice to talk with Agent Yee about what he was going to say in general before he talked to Dr. Caceres?

A. Yes, it was.

Q. Did you and he discuss what it would be good to say and what might not be good to say and rule out some things and include other things?

A. In general, yes.

Q. You heard Agent Yee's testimony in that regard, I take it?

A. Yes.

[37] Q. In the courtroom here this afternoon?

A. Yes.

Q. And you agree with the testimony as it relates to your conversations with him on the subject of what he was going to say.

A. Yes.

Q. I show you Defendant's Exhibit G and ask you if you can identify that document.

A. It is a request for authorization to use electronic equipment for telephone monitoring dated January 30, 1975, by me.

Q. By the way, had you ever applied to the assistant regional commissioner for authority of this kind before, in a case of this kind?

A. Assistant regional commissioner, you say?

Q. Yes. Had you ever applied to him before in any other case for authority like this.

A. To the assistant regional inspector.

Q. Inspector; thank you.

A. Possibly on one other occasion.

Q. Did you get the authority on that other occasion?

A. Yes, I believe so. I am not sure.

Q. I show you Defendant's Exhibit H and ask you if you can identify that.

A. It is a copy of a memorandum written by me dated [38] February 3, 1975, to the assistant regional inspector.

Q. And Defendant's Exhibit I?

A. A copy of a request for authorization to use electronic equipment for telephone monitoring dated February 5, 1975, from me to the assistant regional inspector.

Q. In the interest of time, is it fair to say that each one of these requests talks about a specific telephone call and trying to get authorization for that specific call rather than getting authority, let us say, for one month's time?

A. For all of them that we have gone over to this point, yes sir.

Q. So you never did seek on the telephone monitoring, you never did seek authority to cover a specific extended period of time.

A. Not prior to February '75, no.

Q. Was that because you didn't think you could get such authority?

A. No, our procedures did not allow for such authority at that time.

Q. I show you Defendant's Exhibit J and ask you if you will tell us what that is, please.

A. It is a memorandum dated February 6, 1975, from me to the assistant regional inspector regarding a telephone call by Agent Yee.

[39] Q. And, finally, Defendant's K, the first two pages of it, will you tell us what that is.

A. It is a copy of a request for authorization to use electronic equipment for telephone monitoring dated February 13, 1975, by me.

Q. And who was C. Arnold Decker, who is shown as signing in the right-hand corner?

A. He would have been the acting assistant regional inspector.

Q. He was the acting assistant.

A. Acting assistant regional inspector.

Q. So he did not hold the position of assistant regional—

A. Inspector, no.

Q. —inspector.

A. No.

Q. Do you know of any regulation which allows authorization to be given by an acting assistant regional inspector?

A. I believe the handbook, yes, our Internal Revenue Manual.

Q. Could you identify the third page of Defendant's Exhibit K for us, please.

A. It is a copy of a memorandum by me too, apparently, it is undated, this copy, but it shows that I initialed it [40] on February 18, 1975.

Q. And what is that document, sir?

A. It is a memorandum regarding recorded telephone calls by Agent Yee to Mr. Caceres.

Q. Do you know of any other documents that I have not shown you which relate to any authorization given for the monitoring of any telephone conversations between Agent Yee and Dr. Caceres?

A. I don't think so. I think you have covered all of the conversations that were monitored.

Q. Now, Agent Hill, you were aware, were you not, that a different procedure for authorization was required in the case of in-person monitoring than in a case of telephone monitoring; isn't that so?

A. Yes.

Q. At any point in your education within the Service, had anyone given you a course on these regulations of any kind?

A. It was possibly covered in a basic course that I attended in 1971.

Q. Was it mentioned at that time that in-person monitoring required the approval of the Attorney General of the United States?

A. I am sure that it would have been, yes.

Q. Were you told at that time that since the approval of the Attorney General of the United States or assistant [41] attorney general designated by him was required, that it would only be given in very rare cases?

A. No, I don't recall that.

Q. Directing your attention to January 31, 1975, which is an in-person monitoring when Agent Yee talked

to Dr. Caceres, did you talk to Agent Yee just before that monitoring took place.

A. The one of January 31?

Q. Yes.

A. Yes.

Q. Isn't this what happened, Agent Hill, that Agent Yee had been telling Dr. Caceres that he had to put his report in right away and the tax case would have to go to the Appellate Division? Do you recall that?

A. From what I recall, he had told him that it would go in as unagreed and that it would be under the process of unagreed cases.

Q. You had actually been monitoring telephone conversations in which Agent Yee was telling Dr. Caceres that he was going to send it in and it would have to go unagreed and it would go to the Appellate Division isn't that right?

A. I don't recall the Appellate. I recall him talking about unagreed and going through the conferee stage.

Q. Fine.

Now didn't you talk to Agent Yee sometime shortly [42] before January 31, 1975, and tell him to call up Dr. Caceres and tell him that he, Agent Yee, would exercise more latitude on the question of settling this case?

A. I don't recall specifically a conversation about more latitude, no.

Q. You heard the part of the transcript which I read to Agent Yee a moment ago which talked about "Perhaps I, Yee, can exercise more latitude or show more latitude in the matter?" Did you hear that conversation?

A. Yes, I did.

Q. You knew that Agent Yee was going to do that on the phone before he did it, didn't you?

A. Not using, not the specific word, no sir.

Q. Not using the specific word, but you knew, Agent Hill, that Agent Yee was going to call up Dr. Caceres and indicate to him that he had some flexibility, didn't you?

A. I am not sure that I knew that, no.

Q. Agent Hill, isn't it true that you and Agent Yee together agreed that it was time for Agent Yee to call up and show that he had some flexibility or latitude in his position so far as Dr. Caceres was concerned?

Isn't that true?

A. There was a discussion as far as flexibility as far as the deadline that he had previously been given.

Q. And you approved of a plan whereby Agent Yee would [43] call up and indicate more flexibility as to the deadline that he had given; isn't that right?

A. In general, yes sir.

Q. That was, you say, in general, the subject of a specific discussion between you and Agent Yee; isn't that right?

A. It would have been part of a discussion.

Q. And if that discussion had never taken place, the matter would have gone up for conference, it would have been out of the hands of Agent Yee; isn't that right?

A. If it had gone beyond the deadline, yes.

Q. So you were making a policy decision at that point that the matter should continue between Agent Yee and Dr. Caceres; isn't that right?

A. Not necessarily, no. That was not—

Q. You say, "Not necessarily." Weren't you in charge of the investigation?

A. I was the case inspector. That did not mean I had the right or the authority of making all the decisions in the case.

Q. But you did make a decision that Agent Yee would continue to consult with Dr. Caceres, didn't you?

A. In the last week in January, yes.

Q. Now you heard in the transcript where Agent Yee called up and talked about the meeting with Dr. Caceres the [44] very next day, didn't you?

A. Yes.

Q. Did you have authority from the Attorney General of the United States at that point to conduct monitoring in person?

A. No, I didn't.

Q. Did you have authority from an assistant attorney general who had been designated by the attorney general to do this monitoring?

A. On January 30, is that the date?

Q. Yes.

A. No.

Q. Did you obtain any written authorization from either the Attorney General of the United States or an Assistant Attorney General of the United States designated by him for authority to monitor the in-person conversation between Agent Yee and Dr. Caceres which took place on January 31, 1975? Did you have any such authority before that monitoring took place?

A. Not written, no.

Q. Had you filled out any forms to seek such authority before that monitoring took place?

A. Yes.

Q. What had you done with those forms?

A. They had been passed up through the channels of [45] supervisor to the assistant regional inspector.

Q. Had you talked to anyone to try to get authority for the monitoring on January 31?

A. Yes.

Q. Who did you talk to?

A. My supervisors and whoever was in the assistant regional inspector's office, either Mr. Cohen or whoever was acting then.

Q. Did you talk to anybody in the office of the Director of Internal Security Division?

A. No, I would not have.

Q. Do you know whether anybody did?

A. I was told they did.

Q. Do you know who it was that talked to the Director of Internal Security Division?

A. I thought it was Mr. Cohen.

MR. BROSNAHAN: May I approach the witness, Your Honor?

THE COURT: Yes.

MR. BROSNAHAN: Q. May I show you, Agent Hill, Defendant's Exhibit L, and ask you to identify that for us, please.

A. That is a request for authorization to use electronic equipment dated January 31, 1975.

Q. That is a Form 5177, isn't it?

[46] A. Yes.

Q. And it is filled out, made out on January 31, 1975?

A. Yes.

Q. And it attaches an affidavit, doesn't it?

A. Yes, it does.

Q. From Agent Yee?

A. Yes.

Q. That affidavit was filled out on the 20th [sic] day of January, 1975.

A. That is correct.

Q. Why did you have Agent Yee fill out an affidavit on January 28, 1975?

A. It concerned the events that Agent Yee told us happened on January 27, 1975, during a meeting between him and Mr. Caceres.

Q. Why did you have him fill out an affidavit?

A. To have the information in writing and sworn to by Mr. Yee.

Q. You wanted to have him under oath?

A. Yes, I did.

Q. I direct your attention to Page 5 and ask you what that document is.

A. That is a memorandum dated January 31, 1975, from the assistant regional inspector to the office of the assistant commissioner of inspections, attention of the [47] Director of Internal Security.

Q. That would have been made out in San Francisco?

A. Yes.

Q. On January 31, 1975?

A. Yes.

Q. The last paragraph, if I may, reads as follows:

"The Director of Internal Security was telephonically advised of a meeting by the assistant regional inspector, internal security, western region, at the earliest opportunity, 8:15 a.m., January 31, 1975. The Director approved the use of electronic equipment at that time."

Do you see that?

A. Yes.

Q. Would you identify the last document, please, which is attached to Defendant's Exhibit L.

A. It is a copy of a memorandum dated February 3rd, 1975, from the regional inspector to the office of the assistant commissioner of inspections.

Q. Now from reviewing these documents, do you recall that no written authorization form was submitted to anyone in the Government before the in-person conversation was monitored on January 31, 1975?

A. The request was.

Q. You typed a request on January 31, 1975, didn't you?

[48] A. No, I did not type it.

Q. You caused it to be typed?

A. Yes, on the 31st or possibly even the 30th.

Q. Why do you say, "possibly the 30th"?

A. Well, the date at the top would have been the date of signing by the regional inspector.

Q. Agent Hill, do you have some recollection that is so or are you just giving us your best guess?

A. No, that is just—

Q. Let me ask you a procedure with regard to your office as distinguished from other offices.

When a document is being typed and the date is typed in, isn't it usually the day that it is being typed that it is filled in?

A. Not in our office.

Q. Do you usually type it some days before that or after that or what is your procedure?

A. The date is usually dictated by the date of the signature.

Q. Is the form filled out first and then signed?

A. Yes.

Q. Does it then go back to have the date filled in?

A. Possibly.

Q. Possibly? Does it or doesn't it?

A. I don't know. I don't type it.

[49] Q. I am just asking about what you do in your office. Just tell us what you do in your office.

A. Once I submit it for typing, I probably would not see it again. It would be signed and dated and forwarded.

Q. So that when you see it, as far as your procedure is concerned, everything is typed in; isn't that right?

A. Yes.

Q. Now isn't this what happened, that that form was typed on January 31, 1975, in your office?

A. It could have been, yes.

Q. And that was in San Francisco?

A. Yes.

Q. That was not transmitted to anyone in Washington on that day, was it?

A. I believe it was.

Q. Was it received by anyone in Washington on that day, January 31, 1975?

A. I believe it was.

Q. And what do you base that on?

A. There is a notation on the second or third page regarding the document being faxed to Washington.

Q. Can you show us where that is, please?

A. That is on the copy of the memorandum dated January 31, 1975. The notation at the top says, "1/31/75, faxed to NO, National Office."

[50] Q. Do you know what time that was received in Washington?

A. No, I don't.

Q. Do you know whether it was received before or after the monitoring took place?

A. No, I don't.

Q. You didn't undertake any steps to make sure that the written document was received in Washington before the monitoring took place, did you?

A. No.

Q. I show you Defendant's Exhibit M and ask you if you will identify that for us, please.

A. It is a copy of a memorandum dated February 6, 1975, from the assistant regional inspector to the permanent file. P. F. is shown on the memorandum.

Q. Again, it is talking about emergency approval?

A. Yes.

Q. Did you ever fill out a document which explained a need for emergency approval?

A. There is a memorandum attached to the January 31, 1975, request, I believe.

Q. Could you show us that, please?

A. Yes, it is the same memorandum that has the notation of faxed on top.

Q. I direct your attention to the second paragraph [51] of this document.

First of all, did you help prepare this document?

A. I am sure that I did. I don't recall it specifically.

Q. That is a memo from Mr. Barry Cohen, the Assistant Regional Inspector, to the office in Washington, isn't it?

A. Yes.

Q. The office, that is, of Director of Internal Security Division?

A. Yes.

Q. And I quote this language:

"Approximately 5:15 p.m. on January 30, 1975, during a telephone conversation between Mr. Yee and Mr. Caceres, a meeting between them was scheduled for 2:00 o'clock p.m. on January 31, 1975. Due to previous conversations between them, a meeting at a later date would not be practical or keeping in character with Mr. Yee, possibly defeating the purpose of monitoring the meeting."

Do you see that?

A. Yes, I do.

Q. Did you put in this document anywhere the statement that Mr. Yee had set up this meeting for just the very next day?

A. No, I didn't.

Q. Was that because you didn't want them to know that [52] in Washington?

A. No.

Q. Has anybody in Washington, either in the Director's Office, the Attorney General's Office, or any assistant attorney general, ever been informed that Mr. Yee, on the three occasions where the in-person monitoring was done, was the person who suggested the meeting be held the very next day?

A. I wouldn't know that.

Q. You have no information on that subject?

A. No, I don't know.

Q. I was not there during the conversation with anyone in the Director's Office.

Q. In the one written document that is in front of you which you helped prepare, it doesn't say anything about that, does it?

A. No.

Q. Could you identify Defendant's Exhibit N for us, Mr. Hill?

A. It is a copy of a memorandum dated February 12, 1975, to the regional inspector from the office of the assistant commissioner of inspections.

Q. What does that cover?

A. From the acting director. It says that the Criminal Division, Department of Justice, telephonically advised that the deputy assistant attorney general had [53] authorized the use of electronic equipment in the captioned case 30 days again, January 11, 1975; advising was done on February 11, 1975.

Q. And directing your attention to Defendant's O, could you tell us what is?

A. That is a copy of a memorandum dated February 12, 1975, from the regional inspector, western region, to the office of the assistant commissioner of inspections, to the attention of the Director of the Internal Security Division.

Q. And Defendant's Exhibit P, can you tell us what that is, the first part, second part and the third part, if you can identify those for us.

A. The first one is a writing slip to me from Mr. Cohen transmitting another document.

The second document is a copy of a memorandum dated February 27, 1975, to the regional inspector, western region, from the senior coordinator, field coordination branch. It would be in the office of the assistant commissioner of inspection. That memorandum is transmitting another memorandum.

The other memorandum is dated February 7, 1975, to the assistant attorney general, Criminal Division, from the Director of Internal Security Division regard-

ing notification of emergency approval of conceptual use of [54] electronic equipment and request for further use.

Q. Directing your attention to the lower left-hand corner of the third page of Defendant's Exhibit P, can you tell us whose signature that bears?

A. No, I can't. The title is deputy assistant attorney general.

Q. The document does not bear a signature anywhere from assistant attorney general, does it?

A. No.

Q. Or from the attorney general?

A. No.

Q. Mr. Hill, you have never seen a document in this whole case, have you, which has the authorizing signature of either an attorney general of the United States or an assistant attorney general of the United States; isn't that true?

A. No, I don't believe I have.

Q. Thank you.

MR. BROSNAHAN: That is all I have.

CROSS-EXAMINATION

BY MR. WARD:

Q. Mr. Hill, referring to the subject of the telephone calls, the monitoring of the telephone calls, and referring particularly to the calls that have been set forth on this exhibit and the calls that have been enumerated in [55] the defendant's motion and memorandum, did you ever authorize or participate in the monitoring of any of those phone calls without first receiving authorization from the regional inspector or assistant regional inspector of the Internal Security Division?

A. No, I didn't other than possibly an acting assistant regional inspector on one case.

Q. Were those authorizations verbal or in writing?

A. They would have been verbal.

Q. To your knowledge, did the acting regional inspector, Mr. Decker, have the same powers and authority that the regional inspector, himself, had?

A. Yes.

Q. After each authorized telephone monitoring, was a follow-up memorandum written by yourself discussing what had happened in the monitoring, written and presented to the assistant regional inspector?

A. Yes.

Q. And was that done in each instance in writing?

A. Yes.

Q. With respect to the face-to-face meetings between Dr. Caceres and Agent Yee, did you ever authorize or permit a face-to-face meeting to take place without having received approval or authorization from either the Director of the Internal Security Division—

[56] I will strike that and rephrase the question.

Pertaining to the meetings which took place on January 31 and on February 6, did you authorize either of those face-to-face meetings without having first received approval or authority from the Director of the Internal Security Division?

A. No, I didn't authorize them without being told that the Director had approved them.

Q. In both of those instances prior to the meeting, you had received information from a superior of yours or someone in the Internal Security Department, which told you that the Director of the Internal Security Division had authorized the monitoring of the face-to-face meetings?

A. Yes.

Q. In each instance of those meetings—that is, January 31 and February 6—was a written authorization, a written request for authorization prepared by you and submitted prior to the meeting, itself?

A. A request was submitted prior to the meeting of January 31, yes.

Q. And what about February 6?

A. That would have been governed by the same written request.

Q. For what period of time did the written request prior to the January 31 meeting seek?

[57] A. 30 days.

Q. And I take it that prior to the February 6 meeting, you had had no response either in writing or verbally as to your 30-day request?

A. That is right.

Q. And was it for that reason that an emergency verbal permission was sought on February 5 or February 6?

A. Yes.

Q. Prior to the February 11 meeting between Dr. Caceres and Robert Yee, what information had come to you regarding the authority?

A. I was advised that the authority had been granted for the 30 days.

Q. That is in response to your original 30-day request on January 31?

A. Yes.

Q. By whom were you given that information, if you recall?

A. I don't recall. It would have come from the assistant regional inspector's office.

Q. As to each of these face-to-face meetings, were follow-up memorandum prepared by yourself or someone in inspection, here, and forwarded to Washington?

A. Yes.

Q. Would it have been to any advantage to you or [58] other inspectors to bypass the normal authorization procedures and implement the emergency authorization procedure?

A. No.

Q. Did you, in fact, ever participate in the setting of a meeting date with that in mind?

That is, bypassing the normal authorization procedures?

A. No.

Q. Would there have been any reason that you can think of why you would have wanted to bypass the normal authorization procedures?

A. No.

Q. In each instance in which you sought emergency authorization from the Director of the Internal Security Division, was the time remaining before the meeting took place less than 48 hours?

A. Yes.

MR. WARD: May I have just a moment, Your Honor?

THE COURT: You may.

MR. WARD: I have no further questions.

MR. BROSNAHAN: Just a couple of question, Your Honor.

REDIRECT EXAMINATION

BY MR. BROSNAHAN:

Q. Agent Hill, you put in a request for authority for [59] a 30-day period of time on January 31, 1975. Is that what you said?

A. Yes.

Q. And that is the request that you were talking about that covers the in-person monitoring on January 31, February 6, and February 11, 1975; is that right?

A. That is the written request, yes.

Q. And your written request under which you are seeking to prove that there is authority was a request for 30 days; isn't that right?

A. Yes.

Q. It was sent to Washington, as you indicated earlier, on the date of January 31, 1975.

A. Yes.

Q. That is more than 48 hours before February 6, 1975, isn't it?

A. Yes, it is.

Q. And it is more than 48 hours from the February 11 date shown here, isn't it?

A. Yes.

Q. And, of course, all of the 30-day period except for the first 48 hours is beyond the 48-hour emergency provision, isn't it?

A. Yes.

Q. You were familiar, were you not, with the [60] provision of the Code which provides that emergency authorization—that is, authorization other than from the attorney general—will only be granted where there is less than 48 hours available to get it?

A. Yes.

Q. You knew about that, I take it?

A. Yes.

Q. Fine. Thank you.

MR. BROSNAN: That is all.

MR. WARD: No further questions.

THE COURT: You may step down.

(Witness excused.)

MR. BROSNAN: That is all we have of this witness, Your Honor.

We have no other questions of any other witness. We have completed our factual presentation.

MR. WARD: May I have a few moments?

THE COURT: You may.

MR. WARD: Your Honor, I don't know if the defendant intends to offer the exhibits in evidence for the purpose of this hearing.

MR. BROSNAN: We do.

MR. WARD: I would join in that.

THE CLERK: Defendant's Exhibits A through P in evidence?

THE COURT: So ordered.

(Defendant's Exhibits A through P received in evidence.)

MR. WARD: I would like this marked.

THE CLERK: Plaintiff's Exhibit 1 for identification.

THE COURT: So ordered.

(Plaintiff's Exhibit 1 marked for identification.)

MR. WARD: Your Honor, Plaintiff's Exhibit 1 is a memorandum dated October 16, 1972, setting forth the monitoring of private conversations with the consent of a party. It is a memorandum of the Attorney General of the United States, and the Government would offer it into evidence at this time, apparently without objection from the defendant.

I would note particularly for the Court's observation the last page of this exhibit, which is a supplemental memorandum signed by Attorney General Elliott Richardson on 9/4/73, which amends a paragraph which is

set forth earlier in the memorandum. The amendment, in essence, sets forth that—well, I will just read a brief portion of it.

"All federal departments and agencies shall, except in exigent circumstances as discussed below, obtain the advance authorization of the attorney general or any [62] designated assistant attorney general or deputy [sic] attorney general before using any mechanical or electronic devices to overhear, transmit, or record private conversations other than telephone conversations without the consent of all participants."

I would offer that into evidence at this time.

MR. BROSNAN: No objection, Your Honor.

THE CLERK: Plaintiff's Exhibit 1 in evidence?

THE COURT: So ordered.

(Plaintiff's Exhibit No. 1 received in evidence.)

MR. BROSNAN: May we argue, Your Honor?

THE COURT: I would suggest putting the matter over to Wednesday at 10:00 o'clock. Is that agreeable?

MR. WARD: That is satisfactory.

MR. BROSNAN: I have a conflict at that time, Your Honor.

THE COURT: How long will it take for the argument?

MR. BROSNAN: I will be happy to be here Wednesday at 10:00 o'clock, Your Honor.

THE COURT: We will start at 11:00 if you wish.

MR. BROSNAN: No, 10:00 is better than 11:00. I will take 10:00. 10:00 will be fine. Thank you.

THE COURT: We will be in recess.

Request for Authorization to Use Electronic Equipment for Consensual Telephone Monitoring		TYPE OF REQUEST <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Extension	REGION Western	DATE 3/21/74
TO Assistant Regional Inspector Internal Security Division		CASE TITLE AND NUMBER Alfredo L. CACERES 7-0374-0220 2395 Ocean Avenue San Francisco, California		
FROM William A. Hill Inspector		COOPERATING EMPLOYEE'S NAME Robert YEE, IRA San Francisco District		
Authorization is hereby requested for the use of electronic equipment in connection with above subject case.		BEGINNING DATE 3/15/74	DATE(S) OF PREVIOUS AUTHORIZATION None	
REASON FOR SUCH PROPOSED USE				

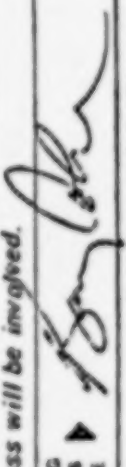
On 3/14/74, IRA ROBERT YEE, San Francisco District, Oakland POD, reported that on 3/14/74 he met with ALFREDO L. & DORIS CACERES at Dr. CACERES' office re audit of their 1971 U.S. Individual Income Tax Return to propose tax adjustments and resulting tax deficiencies. Mr. YEE said that after Mrs. CACERES left the office Dr. CACERES mentioned resolving the tax matter with a "personal settlement", and said he would agree to give \$200 to the IRS and \$500 to Mr. YEE rather than to agree to the tax deficiency of approximately \$3000.00 as proposed. Mr. CACERES mentioned "personal settlements" several times during later conversation, said his wife did not know of his offer to Mr. YEE, and that "personal settlements" were common.

It is proposed to monitor and record a telephone conversation between Mr. YEE, calling from the Regional Inspector's Office, 415-556-0188, to Dr. CACERES' offices, 2395 Ocean Avenue, San Francisco, telephone 415-334-0385 and 553 San Rafael Avenue, Belvedere, California, telephone 415-435-4710, and possibly to Dr. CACERES' residence, 1 Golden Gate Avenue, Belvedere, telephone 415-435-0603, on 3/21/74. Mr. YEE will attempt to arrange a personal meeting with Dr. CACERES for 3/27/74.

Verbal permission for the use of electronic equipment was granted by the Assistant Regional Inspector, Western Region on 3/19/74.

TYPE OF EQUIPMENT TO BE USED Induction coil Dictaphone Cassette Recorder		NAMES OF PERSONS INVOLVED (1) Robert Yee, IRA San Francisco (2) Alfredo L. Caceres 2395 Ocean Ave., S.F., California		(3) (4)
PROPOSED LOCATION OF EQUIPMENT Office of Regional Inspector 160 Pine St., Suite 500, San Francisco, California				
DURATION OF PROPOSED USE 3/21/74				
MANNER OR METHOD OF INSTALLATION				

Induction coil to be affixed to telephone instrument number 415-556-0188 and attached to Dictaphone recorder

Attachments:	Copies to: Director of FBI (IS) FBI Regional File Case Inspector	No trespass will be involved.
APPROVING OFFICIAL'S SIGNATURE 		Department of the Treasury - Internal Revenue Service

261 NO. 75-127-a
Exhibit No. 261
Filed DEC 9 - 1975
William A. Hill, Clerk
By P.C. Gheen
12/10/75

DEPT. EXHIBIT B

MEMORANDUM

[Mar. 21, 1974]

to: Assistant Regional Inspector (IS), Western
Region

from: Inspector W. A. Hill

subject: Alfredo L. CACERES
San Francisco, California
7-0374-0220 p/f

Use of Electronic Equipment for Consensual Telephone
Monitoring

On 3/21/74, between 9:20 and 9:30 a.m., ROBERT YEE, Revenue Agent, made telephone calls to the business offices and residence of ALFREDO L. CACERES from the Office of the Regional Inspector, San Francisco, telephone number 556-0188. The telephone used by Mr. YEE was monitored and the conversations recorded by Inspector M. STEVENS with Mr. YEE's permission.

The calls to Dr. CACERES' offices at 553 San Rafael Avenue, Belvedere, California, and 2395 Ocean Avenue, San Francisco, were answered by employees of Dr. CACERES who claimed he was not in the office. Attempted call to Dr. CACERES' residence at 1 Golden Gate Avenue, Belvedere, was not completed.

At 11:33 a.m., 3/21/74, Mr. YEE completed a call to Dr. CACERES at his office, 553 San Rafael Avenue, Belvedere. Mr. YEE requested additional records from Dr. CACERES and a meeting between Mr. YEE and Dr. CACERES was scheduled for 3/28/74 at 2:00 p.m. at Dr. CACERES' office in Belvedere.

/s/ W. A. Hill
W. A. HILL
Internal Revenue Service

DEPT. EXHIBIT C

MEMORANDUM

[Jan. 30, 1975]

to: Assistant Regional Inspector (IS), Western
Region

from: Inspector W. A. Hill

subject: ALFREDO L. CACERES
San Francisco, California
7-0374-0220 p/f

On January 29, 1975, at 4:31 p.m., Revenue Agent ROBERT YEE initiated a telephone call to the residence of ALFREDO L. CACERES, 1 Golden Gate, Belvedere, 415-435-0603, from the Office of the Regional Inspector, San Francisco, 415-556-4057. The call was answered by Mrs. CACERES who advised Mr. CACERES was not in.

At 4:36 p.m., January 29, 1975, Mr. YEE initiated a telephone call to Mr. CACERES at his office, 2395 Ocean Avenue, San Francisco, 415-334-0385, from telephone number 556-4057.

The above calls were monitored and the conversations recorded by Inspector M. STEVENS, with Mr. YEE's permission. An induction coil and a Sony Cassette Recorder, serial number 26737, were used for recording. Verbal permission for the use of electronic recording equipment was given by the Executive Assistant to the ARI, IS, prior to the calls. At the time permission was granted, the Executive Assistant was Acting Assistant Regional Inspector.

/s/ W. A. Hill
W. A. HILL
Internal Revenue Service

Request for Authorization to Use Electronic Equipment for Consensual Telephone Monitoring		TYPE OF REQUEST <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Extension	REGION Western	DATE 1/29/75
TO Assistant Regional Inspector Internal Security Division		CASE TITLE AND NUMBER ALFREDO L. CACERES 7-0374-0220 2395 Ocean Avenue San Francisco, California		
FROM William A. Hill Inspector		COOPERATING EMPLOYEE'S NAME ROBERT YEE, IRA San Francisco District		
Authorization is hereby requested for the use of electronic equipment in connection with above subject case.		BEGINNING DATE 3/15/74	DATE(S) OF PREVIOUS AUTHORIZATION 3/15/74, 1/27/75, 1/28/75	

REASON FOR SUCH PROPOSED USE

To record a telephone conversation between IRA ROBERT YEE, calling from the Regional Inspector's Office, 415-556-4057, to Mr. ALFREDO L. CACERES at his residence, 1 Golden Gate, Belvedere, 415-435-0603, or his offices, 553 San Rafael Avenue, Belvedere, 415-435-4710, or 2395 Ocean Avenue, San Francisco, 415-334-0385, on 1/29/75.

On 3/14/74 IRA YEE advised that on that date, after a meeting with Mr. and Mrs. CACERES regarding the audit of their 1971 U.S. Individual Income Tax Return, Mr. CACERES suggested resolving the tax matter with a "personal settlement", and said he would agree to give \$200 to IRS and \$500 to Mr. YEE, rather than to agree to the tax deficiency. Mr. CACERES mentioned "personal settlements" several times during the conversation. Mr. YEE ignored the offers.

On 1/27/75 Mr. YEE advised that, after a meeting with Mr. and Mrs. CACERES, on that date, regarding their tax audit, Mr. CACERES again discussed "personal settlements", offered to give Mr. YEE \$1000 and the government \$1000, rather than to give all of the proposed tax deficiency to the government, and repeatedly asked Mr. YEE to consider the offer. Mr. YEE responded with various replies, including: "I will think about it"; "No"; and "I don't know".

TYPE OF EQUIPMENT TO BE USED

Induction coil
Sony Cassette Recorder

NAMES OF PERSONS INVOLVED	(1) ROBERT YEE, IRA San Francisco District	(2)
	(2) ALFREDO L. CACERES 2395 Ocean Ave., San Francisco, CA	(4)
PROPOSED LOCATION OF EQUIPMENT Office of Regional Inspector 160 Pine St., Suite 500, San Francisco, CA		
DURATION OF PROPOSED USE 1/29/75		

MANNER OR METHOD OF INSTALLATION

Induction coil to be affixed to telephone instrument 415-556-4057 and attached to Sony recorder.

ATTACHMENT(S)	COPIES TO: RI or DIR (IS) FCB Regional File Case Inspector	No trespass will be involved.
APPROVING OFFICIAL'S SIGNATURE		

Form 5178 (9-73)

Department of the Treasury - Internal Revenue Service

Def. No. 75-129 D
Filed DEC 8 - 1975
William L. Whitlock, Clerk
By P. C. Gears -
Deputy Clerk

DEPT. EXHIBIT E

[Jan. 29, 1975]

Assistant Regional Inspector, Internal Security, Western
Region

Inspector W. A. Hill

CACERES, ALFREDO L.
San Francisco, California

7-0374-0220

On January 28, 1975, between 9:10 a.m. and 2:50 p.m., Internal Revenue Agent ROBERT YEE initiated 15 telephone calls to the residence of ALFREDO CACERES, 1 Golden Gate, Belvedere, California, telephone number 435-0603, from the Office of the Regional Inspector, 160 Pine St., San Francisco, telephone number 556-4057. The calls were not completed as a busy signal was heard or the telephone was not answered.

On January 28, 1975, Mr. YEE initiated three telephone calls to the office of Mr. CACERES, 2395 Ocean Avenue, San Francisco, telephone number 334-0385, from the telephone number 556-4057. The person answering advised that Mr. CACERES was not in and had not contacted that office this date.

On January 28, 1975, Mr. YEE initiated two telephone calls to the office of Mr. CACERES, 553 San Rafael Avenue, Belvedere, telephone number 435-4710, from telephone number 556-4057. The person answering advised that Mr. CACERES was not at that office.

At 2:58 p.m., January 28, 1975, Mr. YEE completed a telephone call to Mr. CACERES at his residence, 1 Golden Gate Avenue, Belvedere, telephone number 435-0603. The tax issues of Mr. CACERES' tax audit were discussed and Mr. CACERES requested that Mr. YEE consult his supervisor for approval of an extension of time before the audit was submitted for processing. The call was concluded at 3:44 p.m. At 3:58 p.m. Mr. YEE again called Mr. CACERES, allegedly with his supervisor's recommendation that the audit was to be closed

prior to February. They further discussed the tax issues and the call was concluded at 4:15 p.m. with Mr. CACERES agreeing to call Mr. YEE on January 29, 1975, with a final decision.

The above telephone calls, all initiated from the Office of the Regional Inspector, 160 Pine St., San Francisco, telephone number 556-4057, were monitored and recorded by Inspector M. STEVENS, with Mr. YEE's permission. An induction coil and a Sony cassette recorder, serial number 26737, were used to record the conversations. Verbal approval for the use of electronic recording equipment was given by the Assistant Regional Inspector, Internal Security, on January 27, 1975.

/s/ W. A. Hill
W. A. HILL

TO		Extension		Western		1/28/75	
Assistant Regional Inspector Internal Security Division		CASE TITLE AND NUMBER		ALFREDO L. CACERES 2395 Ocean Avenue San Francisco, California		7-0374-0220	
FROM		COPPERYEE, ISA NAME		San Francisco, California			
W. A. H111		Inspector		BEGINNING DATE		3/15/74	
Authorization is hereby requested for the use of electronic equipment in connection with above subject case.		DATE(S) OF PREVIOUS AUTHORIZATION		4/74 - 12/74, 1/27/75			

REASON FOR SUCH PROPOSED USE

It is proposed to record a telephone conversation on 1/28/75 between ISA ROBERT YEE, calling from the Regional Inspector's Office, 415-556-4057, and ALFREDO L. CACERES. The calls may be made to Mr. CACERES' offices, 2395 Ocean Avenue, San Francisco, 415-334-0385, 553 San Rafael Avenue, Belvedere, 415-435-4710, or to his residence, 1 Golden Gate Avenue, Belvedere, 415-435-0603. The call is to be made for the purpose of arranging a meeting between Mr. YEE and Mr. CACERES.

On 3/14/74 Mr. YEE reported that he met with Mr. and Mrs. CACERES at Mr. CACERES' office on that date re the audit of their 1971 U.S. Individual Income Tax Return. Mr. YEE said that, after Mrs. CACERES left the office Mr. CACERES suggested resolving the tax issue with a "personal settlement", and said he would agree to give \$200 to the IRS and \$500 to Mr. YEE, rather than agreeing to a possible tax deficiency of \$3000 as proposed. Mr. YEE ignored the offer.

On 1/27/75 Mr. YEE reported that he met with Mr. and Mrs. CACERES, and their accountant, CHARLES D. POOLEY, at Mr. POOLEY's office on that date. Mr. YEE said that after the meeting, and as he was leaving the office, Mr. CACERES approached him alone, engaged in conversation regarding the audit, and again suggested a possible "personal settlement" to resolve the audit. Mr. YEE said Mr. CACERES offered \$1000 to him and \$1000 to the

(Continued)

TYPE OF EQUIPMENT TO BE USED

Induction Coil
Sony Cassette Recorder

NAMES OF PERSONS INVOLVED	(1) ROBERT YEE, ISA San Francisco	(3)
	(2) ALFREDO L. CACERES 2395 Ocean Ave., San Francisco	(4)
PROPOSED LOCATION OF EQUIPMENT Office of Regional Inspector 160 Pine St., Suite 500, San Francisco		
DURATION OF PROPOSED USE 1/28/75		
MANNER OR METHOD OF INSTALLATION		

Induction coil to be affixed to telephone instrument 415-556-4057 and attached to Sony Recorder

Attachment(s):	Copies to: RI or DIR (IS) FCB Regional File Case Inspector	No trespass will be involved.
		APPROVING OFFICIAL'S SIGNATURE

Form 5178 (9-73)

Department of the Treasury - Internal Revenue Service

Dist. NO. 75-1294
Exhibit No. 4
Filed DEC 8 - 1975

William L. Whitaker, Clerk

By P.C. Deane
Deputy Clerk

REASON FOR SUCH PROPOSED USE

U.S. government as a "personal settlement". Mr. CACERES conversed with Mr. YEE for approximately 1½ hours, repeatedly offering money to Mr. YEE to resolve the audit in his favor. Mr. YEE repeatedly ignored the offer, said he would think about it, and at one time said he would not accept the offer. When Mr. CACERES asked if that was his final answer he replied that he didn't know.

The ARI (IS) gave verbal approval for the use of electronic equipment on 1/27/75.

Request for Authorization to Use Electronic Equipment for Consensual Telephone Monitoring		TYPE OF REQUEST <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Extension	REGION Western	DATE 1/30/75
TO Assistant Regional Inspector Internal Security Division		CASE TITLE AND NUMBER ALFREDO L. CACERES 2395 Ocean Avenue San Francisco, California		
FROM William A. Hill	Inspector	COOPERATING EMPLOYEE'S NAME ROBERT YEE, IRA San Francisco District		
Authorization is hereby requested for the use of electronic equipment in connection with above subject case.		BEGINNING DATE 3/15/74	DATES OF PREVIOUS AUTHORIZATION 3/15/74, 1/27/75, 1/28/75	
REASON FOR SUCH PROPOSED USE				

To record a telephone conversation between IRA ROBERT YEE, calling from the Regional Inspector's Office, 415-556-4057, to Mr. ALFREDO L. CACERES at his residence, 1 Golden Gate, Belvedere, 415-435-0603, or his offices, 553 San Rafael Avenue, Belvedere, 415-435-4710, or 2395 Ocean Avenue, San Francisco, 415-334-0385, on 1/30/75.

On 3/14/74 IRA YEE advised that on that date, after a meeting with Mr. and Mrs. CACERES regarding the audit of their 1971 U.S. Individual Income Tax Return, Mr. CACERES suggested resolving the tax matter with a "personal settlement", and said he would agree to give \$200 to IRS and \$500 to Mr. YEE, rather than to agree to the tax deficiency. Mr. CACERES mentioned "personal settlements" several times during the conversation. Mr. YEE ignored the offers.

On 1/27/75 Mr. YEE advised that, after a meeting with Mr. and Mrs. CACERES, on that date, regarding their tax audit, Mr. CACERES again discussed "personal settlements", offered to give Mr. YEE \$1000 and the government \$1000, rather than to give all of the proposed tax deficiency to the government, and repeatedly asked Mr. YEE to consider the offer. Mr. YEE responded with various replies, including: "I will think about it"; "No"; and "I don't know".

TYPE OF EQUIPMENT TO BE USED

Induction coil
Sony Cassette Recorder

NAMES OF PERSONS INVOLVED	(1) ROBERT YEE, IRA San Francisco District	(2)
	(2) ALFREDO L. CACERES 2395 Ocean Ave., San Francisco, CA	(4)
PROPOSED LOCATION OF EQUIPMENT Office of Regional Inspector 160 Pine St., Suite 500, San Francisco, CA		
DURATION OF PROPOSED USE		

1/30/75

MANNER OR METHOD OF INSTALLATION

Induction coil to be affixed to telephone instrument 415-556-4057 and attached to Sony recorder. *Lawyer*

Attachment(s):	Copies to: RI or DIR (SI) FCB Regional File Case Inspector	No trespass will be involved.
	APPROVING OFFICIAL'S SIGNATURE	
Form 5178 (9-73)	DEC 8 1975	Department of the Treasury - Internal Revenue Service

William L. Whitaker, Clerk

By *P.C. Garcia*

Deputy Clerk

DEPT. EXHIBIT H

[Feb. 3, 1975]

Assistant Regional Inspector, Internal Security
Inspector W. A. Hill

CACERES, ALFREDO L.
San Francisco, California

7-0374-0220 p/f

Between 2:14 p.m. and 3:37 p.m., January 30, 1975, Internal Revenue Agent ROBERT YEE initiated four telephone calls: one each to ALFREDO L. CACERES' residence, 1 Golden Gate Avenue, Belvedere, California, 415-435-0603; Mr. CACERES' office, 553 San Rafael Avenue, Belvedere, 415-435-4710; and two to Mr. CACERES' office, 2395 Ocean Avenue, San Francisco, 415-334-0385. The persons answering each of the calls advised that Mr. CACERES was not at that location.

Between 4:33 p.m. and 4:54 p.m., January 30, 1975, Mr. YEE initiated three telephone calls: two to Mr. CACERES' San Francisco office and one to his residence. Persons answering again advised that Mr. CACERES was not present.

At 5:10 p.m., January 30, 1975, Mr. YEE initiated a telephone call to Mr. CACERES at the San Francisco office, 415-334-0385. They scheduled a meeting at Mr. CACERES' office for 2:00 p.m. on January 31, 1975.

The above telephone calls were monitored and recorded by Inspector M. Stevens, with Mr. YEE's permission. An induction coil and a Lanier cassette recorder, serial number 4104941, for the first four calls, and a Sony cassette recorder, serial number 26737, were used to record the calls. Verbal approval for the use of recording equipment was given by the Acting Assistant Regional Inspector, Internal Security, on January 30, 1975, prior to the initiation of the calls.

/s/ W. A. Hill
W. A. HILL

Request for Authorization to Use Electronic Equipment for Consensual Telephone Monitoring		TYPE OF REQUEST <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Extension	REGION Western	DATE 2/5/75
TO Assistant Regional Inspector Internal Security Division		CASE TITLE AND NUMBER ALFREDO L. CACERES 7-0374-0220 2395 Ocean Avenue San Francisco, California		
FROM William A. Hill	Inspector	COOPERATING EMPLOYEE'S NAME ROBERT YEE, IPA San Francisco District		
Authorization is hereby requested for the use of electronic equipment in connection with above subject case.		BEGINNING DATE 3/15/74	DATE(S) OF PREVIOUS AUTHORIZATION 25 - 3/15/74-1/30/75	
REASON FOR SUCH PROPOSED USE				

To record a telephone conversation between IPA ROBERT YEE, calling from the Regional Inspector's Office, 415-556-3220, to Mr. ALFREDO L. CACERES at his office, 2395 Ocean Avenue, San Francisco, 415-334-0385, on 2/5/75.

On 3/14/74 IPA YEE advised that on that date, after a meeting with Mr. and Mrs. CACERES regarding the audit of their 1971 U.S. Individual Income Tax Return, Mr. CACERES suggested resolving the tax matter with a "personal settlement", and said he would agree to give \$200 to IRS and \$500 to Mr. YEE, rather than to agree to the tax deficiency. Mr. CACERES mentioned "personal settlements" several times during the conversation. On 1/27/75 Mr. YEE advised that, after a meeting with Mr. and Mrs. CACERES, on that date, regarding their tax audit, Mr. CACERES again discussed "personal settlements", offered to give Mr. YEE \$1000 and the government \$1000, rather than to give all of the proposed tax deficiency to the government, and repeatedly asked Mr. YEE to consider the offer. Mr. YEE responded with various replies, including: "I will think about it"; "No"; and "I don't know".

During a meeting between Mr. YEE and Mr. CACERES on 1/31/75 Mr. CACERES gave Mr. YEE \$500, promised \$500 more at later date, to reduce 1971 1040 tax deficiency to \$1000 and to forget business tax issues.

TYPE OF EQUIPMENT TO BE USED

Induction coil
Lanier Cassette Recorder

NAMES OF PERSONS INVOLVED	(1) ROBERT YEE, IPA San Francisco District	(3)
	(2) ALFREDO L. CACERES 2395 Ocean Ave., San Francisco, CA	(4)
PROPOSED LOCATION OF EQUIPMENT Office of Regional Inspector 160 Pine St., Suite 500, San Francisco, CA		
DURATION OF PROPOSED USE 2/5/75		

MANNER OR METHOD OF INSTALLATION

Induction coil to be affixed to telephone instrument 415-556-3220 and attached to Lanier recorder.

Attachment(s):	Copies to: RI or DIR (ISI) FCB Regional File Case Inspector	No trespass will be involved.
		APPROVING OFFICIAL'S SIGNATURE

Form 5178 (9-73)

Department of the Treasury - Internal Revenue Service

NO. 25-1292
Exhibit No. 2
Filed DEC 8 1975
William L. Winkler, Clerk
By *P. C. [Signature]*
Deputy Clerk

DEFT. EXHIBIT J

[Feb. 6, 1975]

Assistant Regional Inspector, Internal Security
Inspector W. A. Hill

CACERES, ALFREDO L.
San Francisco, California

7-0374-0220 p/f

At 4:31 p.m., February 5, 1975, Revenue Agent ROBERT YEE initiated a telephone call, from the Office of the Regional Inspector, 160 Pine Street, San Francisco, 415-556-3220, to ALFREDO L. CACERES at Mr. CACERES' office, 2395 Ocean Avenue, San Francisco, 415-335-0385.

During the conversation a meeting between them was scheduled for 3:00 p.m., February 6, 1975, for the purpose of Mr. YEE showing Mr. CACERES an audit agreement. Mr. CACERES advised that he also wanted to discuss an issue of the audit.

The telephone call was monitored and recorded by Inspector M. Stevens, with Mr. YEE's permission. An induction coil and a Lanier cassette recorder, serial number 4104941, was used to record the call. Verbal approval for the use of recording equipment was given by the Assistant Regional Inspector, Internal Security, on February 5, 1975, prior to the initiation of the call.

/s/ W. A. Hill
W. A. HILL

Request for Authorization to Use Electronic Equipment for Consensual Telephone Monitoring		TYPE OF REQUEST <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Extension	REGION Western	DATE 2/13/75
TO Assistant Regional Inspector Internal Security Division		CASE TITLE AND NUMBER ALFREDO L. CACERES 2395 Ocean Avenue San Francisco, California		
FROM William A. H111 Inspector		CROOKED CLOTH NAME ROBERT YEE, YEA San Francisco District		
Authorization is hereby requested for the use of electronic equipment in connection with above subject case.		BEGINNING DATE 3/15/74	DATE(S) OF PREVIOUS AUTHORIZATION 25 - 3/15/74-1/30/75, 2/5/75	
REASON FOR SUCH PROPOSED USE				

To record a telephone conversation between IRA ROBERT YEE, calling from the Regional Inspector's Office, 415-556-4057, to Mr. ALFREDO L. CACERES at his office, 2395 Ocean Avenue, San Francisco, 415-334-0385, or his residence, 1 Golden Gate Avenue, Belvedere, 415-435-0603, on February 13, 1975.

On 3/14/74 IRA YEE advised that on that date, after a meeting with Mr. and Mrs. CACERES regarding the audit of their 1971 U.S. Individual Income Tax Return, Mr. CACERES suggested resolving the tax matter with a "personal settlement", and said he would agree to give \$200 to IRS and \$500 to Mr. YEE, rather than to agree to the tax deficiency. Mr. CACERES mentioned "personal settlements" several times during the conversation. On 1/27/75 Mr. YEE advised that, after a meeting with Mr. and Mrs. CACERES, on that date, regarding the tax audit, Mr. CACERES again discussed "personal settlements", offered to give Mr. YEE \$1000 and the government \$1000, rather than to give all of the proposed tax deficiency to the government, and repeatedly asked Mr. YEE to consider the offer. Mr. YEE responded with various replies, including: "I will think about it"; "No"; and "I don't know".

During a meeting between Mr. YEE and Mr. CACERES on 1/31/75 Mr. CACERES gave Mr. YEE \$500, promised \$500 more at later date, to reduce 1971 1040 tax deficiency to \$1000 and to forget business tax issues. On 2/6/75 Mr. CACERES offered Mr. YEE \$2000 more to

(Continued)

TYPE OF EQUIPMENT TO BE USED

Induction coil

Lanier Cassette Recorder

NAMES OF PERSONS INVOLVED	(1) ROBERT YEE, IRA San Francisco District	(3)
	(2) ALFREDO L. CACERES 2395 Ocean Ave., San Francisco, CA	(4)
PROPOSED LOCATION OF EQUIPMENT Office of Regional Inspector 160 Pine St., Suite 500, San Francisco, CA		
DURATION OF PROPOSED USE 30 days commencing 2/11/75		
MANNER OR METHOD OF INSTALLATION Induction coil to be affixed to telephone instrument 415-556-4057 and attached to Lanier recorder.		

Attachments:	Copies to: RM or DIR (13) PCB Regional File Case Inspector	No trespass will be involved.
APPROVING OFFICIAL'S SIGNATURE		(Signed) C. ARNOLD DECKER

Form 5173 (9-73)

Department of the Treasury - Internal Revenue Service

Ref NO 75-129 K
Exhibit No. 1
DEC 8 - 1975
William L. Whitaker, Clerk

By P.C. Decker

REASON FOR SUCH PROPOSED USE

audit two additional tax years and on 2/11/75 he paid Mr. YEE another \$500.

The Deputy Assistant Attorney General authorized the use of electronic equipment for 30 days commencing 2/11/75. The Assistant Regional Inspector, IS, granted approval for the recording of telephone calls on 2/13/75, prior to the initiation of the calls.

Assistant Regional Inspector, Internal Security

Inspector W. A. Hill

CACERES, ALFREDO L.

San Francisco, California

7-0374-0220 p/f

At 9:43 a.m. and at 9:46 a.m., February 13, 1975, Revenue Agent ROBERT YEE initiated telephone calls, from the Office of the Regional Inspector, 160 Pine Street, San Francisco, 415-556-4057, to ALFREDO L. CACERES' residence, 1 Golden Gate Avenue, Belvedere, 415-485-0603, and to Mr. CACERES' office, 2395 Ocean Avenue, San Francisco, 415-334-0385, respectively. The persons answering the telephone advised that Mr. CACERES was not in.

At 1:47 p.m. Mr. YEE completed a telephone call to Mr. CACERES at his residence, in response to a message left by Mr. CACERES on February 12, 1975. Mr. CACERES said he just wanted to be sure that Mr. YEE's report re his 1973 tax return constituted a complete audit of the return. The call was concluded at 1:51 p.m.

The telephone calls were monitored and recorded by Inspector H. Stevens, with Mr. YEE's permission. An induction coil and a Lanier cassette recorder, serial number 4104941, were used to record the calls. Verbal approval for the use of recording equipment was given by the Assistant Regional Inspector, Internal Security, on February 13, 1975, prior to the initiation of the calls.

/s/ W. A. Hill
W. A. HILL

NOV 20 1975
RECEIVED

REQUEST FOR AUTHORIZATION TO USE ELECTRONIC EQUIPMENT		TYPE OF REQUEST <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Extension	REGION Western	DATE 1/31/75
CASE TITLE AND NUMBER				
CACERES, Alfredo L. (7-0374-0220) 2395 Ocean Avenue San Francisco, California				
COOPERATING EMPLOYEE'S NAME ROBERT KAHN YEE, POA San Francisco District				
FROM Director Internal Security Division		BEGINNING DATE 1/31/75	DATES OF PREVIOUS AUTHORIZATION 3/25/74, 4/24/74, 5/24/74, 6/27/74, 7/23/74, 8/29/74	
Authorization is hereby requested for the use of electronic equipment in connection with above subject case.				
REASON FOR SUCH PROPOSED USE				

It is proposed to monitor and record a meeting between IRA ROBERT YEE and taxpayer ALFREDO L. CACERES on 1/31/75 at Mr. CACERES' office, 2395 Ocean Avenue, San Francisco, California. The meeting was scheduled at 5:15 p.m., on 1/30/75.

On 3/14/74, IRA completed an affidavit alleging that, on that date, Mr. CACERES offered to pay \$500 to him and \$200 to the government, as a "personal settlement", to settle the audit of Mr. and Mrs. CACERES' 1971 U.S. Individual Income Tax Return. Mr. YEE ignored Mr. CACERES' offer. In an affidavit dated 1/28/75 Mr. YEE alleged that on 1/27/75 Mr. CACERES again discussed "personal settlements", in regards to the audit of the 1971 tax return, and if the previous offer was too small he was willing to give Mr. YEE \$1000 and the government \$1000 to settle the audit. Mr. CACERES repeatedly asked Mr. YEE to consider the offer, to which Mr. YEE answered that he would think about it; no, he would not consider it; and he didn't know what he would do about it. During a telephone conversation on 1/29/75 Mr. CACERES made references to their discussion of 1/27/75.

Emergency approval for use of electronic equipment on 1/31/75 was given telephonically by the Director, Internal Security, at 3:15 a.m. PST, on 1/31/75.

TYPE OF EQUIPMENT TO BE USED Kel or AIG Transmitter, Nagra self-contained recorder, Tandberg tape recorders, Corco radio receivers.	
NAMES OF PERSONS INVOLVED	(1) ROBERT KAHN YEE, IRA San Francisco District (2) ALFREDO L. CACERES 2395 Ocean Avenue, San Francisco
PROPOSED LOCATION OF EQUIPMENT At meeting place, Mr. CACERES' office, 2395 Ocean Avenue, San Francisco	
DURATION OF PROPOSED USE 30 days commencing 1/31/75	
MANNER OR METHOD OF INSTALLATION To be placed on person of YEE with his permission, and to be monitored and recorded by Inspectors through radio receivers to recorders.	

COPIES TO: DIR (15) SI	COPIES TO: DIR (15) SI	REGIONAL INSPECTOR'S SIGNATURE (Signed) F. R. Rouse
Form 5177 (9-73)		

NO. 75-1292
Exhibit No. 12
DEC 8 1975
William L. Whitaker, Clerk
By P.C. Grace
Deputy Clerk

I, Robert Yee, state that:

I am employed by the IRS as an Internal Revenue Agent at the Oakland, California Post of Duty, 3505 Broadway, Oakland. I attended a meeting at 2172 Market Street, San Francisco, the office of Charles D. Pooley, from 9:30 a.m. to 11:30 a.m. on 1/27/75. The meeting, also attended by Alfredo L. and Doris Caceres and Mr. Pooley, their accountant, was part of my examination of Mr. and Mrs. Caceres' U.S. Individual Income Tax Return for 1971 and Mr. Caceres' business tax returns, Forms 940 and 941, for 1971 and 1972. The purpose of the meeting was for the Caceres' and Mr. Pooley to point out questionable areas in my calculations. Several issues, disclosed by my examination to date, were discussed at the meeting. When Mr. and Mrs. Caceres requested an additional week to check their records I requested that they sign extensions of statutes for the tax returns involved. Mr. Caceres advised that he would have to consult with his attorney before signing the documents and said he would call me later that day to give me his decision. I then left Mr. Pooley's office to return to my car. Mr. Caceres followed me out of the office and started discussing the same tax issues which we had been discussing during the meeting. He said it was too bad we could not settle the matter now and that this was taking a lot of his, his wife's, and the accountant's time. Mr. Caceres asked if I had considered a "personal settlement", and I replied that I had not thought about it. He asked what was necessary to close the audit and I told him that he would have to sign an agreement to my audit findings or sign a statute extension. He asked about my career intentions; asked if I would have lunch with him so we could discuss the audit further, to which I refused; and then began talking about how "settlements" were often made

in business. He said I was doing a good job for the government but was causing an inconvenience to all involved and the matter could be settled without all the trouble. He said that maybe his earlier offer of a "settlement" was too small and that he could give me \$1000. He said he had brought \$500 which he could give me today and if we could settle for the \$1000 he could give me the other \$500 later. He asked if I would settle for that and I said I would settle if he would sign the audit agreement or the statute extension. He wanted some clarification regarding the extension and the audit report. I explained the statute extension and told him the audit report would contain my findings to date, regarding his individual tax return. He asked what would then happen to the employment tax issue and I told him I would forward that as being unagreed because he had previously indicated he would not agree to any deficiency in that area. He again asked if I would consider a "settlement" and I told him I would think about it if he would consider signing either the statute extension or the tax deficiency agreement. He repeated that we could save all the hassle if we settled now. He said that the accountant and I were being paid for our efforts, in the audit, but that he and his wife were not. He asked how much it would take to settle the audit issue. He showed me some computations he had made which indicated an approximate tax deficiency of \$3200. He said he didn't mind paying his taxes but in view of the trouble it could cause, why not split up the tax adjustment, \$1000 to me, \$1000 to the government, and the other \$1000 to the accountant or himself. He again asked if I would consider such a settlement. I asked him if he would consider my proposal of signing an agreement or the statute extension. He said he would consider it but instead of paying the government money, to use in Cambodia or other places, wouldn't it be better to give it to me? He asked if I could use \$1000 and I said I didn't need to answer that. He again asked if I would consider a "settlement" and I said I would if he would consider my proposal for concluding the audit. He again inquired about the employment tax,

we both went back into Mr. Pooley's office, where he obtained a letter of questions I had sent him earlier, and we walked outside and discussed the employment tax further. He again asked if I had considered a "settlement", I replied I had not, and he asked if under no circumstances I would accept a settlement and I said I didn't know. He asked me to consider his offer again. He said I had not made any offers and he wanted me to make a definite statement. I told him I had to have either the statute extension signed or the tax deficiency signed or I would have to submit my audit findings unagreed. I attempted to leave several times but he would continue to discuss the tax issues and ask me to consider his offer of a "settlement". I answered several more times that I would consider his offer and when he became more insistent on a definite answer I said "no". He then asked if I would not consider the "settlement" under any circumstances and I replied that I didn't know. I again told him to consider my proposal and left Mr. Caceres. The time was approximately 1:00 p.m.

I have read the foregoing statement consisting of 3 pages, each of which I have signed. I fully understand this statement and it is true, accurate and complete to the best of my knowledge and belief. I made the corrections shown and placed my initials opposite each.

I made this statement freely and voluntarily without any threats or rewards, or promises of reward having been made to me in return for it.

/s/ Robert Yee
ROBERT YEE

Subscribed and sworn to before me this 28th day of January, 1975, at San Francisco California.

/s/ William A. Hill
WILLIAM A. HILL
Inspector
Internal Revenue Service

/s/ Marvin Stevens
MARVIN STEVENS

Office of Assistant Commissioner (Inspection) [1/31/75
 Attn: Director, Internal Security Division Faxed to NO]
 Office of Regional Inspector, Western Region

[Jan. 31, 1975]

Emergency Approval for Use of Electronic Equipment
 Re: CACERES, ALFREDO L.
 7-0374-0220 p/f

On January 27, 1975, taxpayer ALFREDO L. CACERES renewed a bribe offer to Internal Revenue Agent ROBERT YEE, which had initially been made on March 14, 1974. As of January 27, 1975, there were no additional meetings scheduled between the taxpayer and Mr. YEE. During subsequent telephone conversations between Mr. CACERES and Mr. YEE, Mr. CACERES indicated that he was not prepared for a meeting with Mr. YEE and as Mr. YEE was intending to close the audit unagreed a meeting between them appeared to be unlikely.

At approximately 5:15 p.m., on January 30, 1975, during a telephone conversation between Mr. YEE and Mr. CACERES, a meeting between them was scheduled for 2:00 p.m. on January 31, 1975. Due to previous conversations between them a meeting at a later date would not be practical or keeping in character with Mr. YEE, possibly defeating the purpose of monitoring the meeting.

The Director, Internal Security, was telephonically advised of the meeting, by the Assistant Regional Inspector, Internal Security, Western Region, at the earliest opportunity, 8:15 a.m., January 31, 1975. The Director approved the use of electronic equipment at that time.

/s/ Barry Cohen
 BARRY COHEN
 Assistant Regional Inspector
 Internal Security

Office of Assistant Commissioner (Inspection)
 Attn: Director, Internal Security
 Regional Inspector, Western Region

[Feb. 3, 1975]

Use of Electronic Equipment
 Re: CACERES, ALFREDO L.
 San Francisco, California
 Bribery

7-0374-0220 p/f

On January 31, 1975, between 2:15 and 3:45, Internal Revenue Agent ROBERT YEE met with ALFREDO L. CACERES at Mr. CACERES' office, 2395 Ocean Avenue, San Francisco. During the meeting Mr. CACERES offered Mr. YEE \$1000 to reduce the tax deficiency, determined by Mr. CACERES to be \$3200, for the 1971 U.S. Individual Income Tax Return, to \$1000. Upon Mr. YEE's agreement Mr. CACERES gave Mr. YEE \$500 and promised to give him an additional \$500 when he received a notice from IRS showing the tax deficiency to be approximately \$1000. Mr. CACERES also requested Mr. YEE to close the audit of his business taxes unchanged.

Prior to the meeting a Nagra self-contained tape recorder and a Kel radio transmitter were placed on Mr. YEE's person by Inspector M. STEVENS, with Mr. YEE's permission. The meeting with Mr. CACERES was monitored by Inspectors and recorded on a Tandberg tape recorder operated by Inspectors in a car in the immediate vicinity of the meeting place. The tape recorders were activated at 2:03 p.m. and deactivated at 3:51 p.m.

Emergency authorization for the use of electronic recording equipment was granted by the Director, Internal Security, on January 31, 1975 at 8:15 a.m.

/s/ F. R. Rowe
 F. R. ROWE
 Regional Inspector

DEFT. EXHIBIT M

MEMORANDUM

[February 6, 1975]

to: P/F 7-0374-0220
 from: Assistant Regional Inspector (IS)
 Western Region
 subject: ALFREDO CACERES
 7-0374-0220

On February 6, 1975, the Director, Internal Security granted emergency approval for the use of electronic equipment on February 6, 1975 in the case investigation of ALFREDO CACERES. The Director requested that a memorandum of the results of the meeting be faxed to him as soon as possible.

/s/ Barry Cohen
 BARRY COHEN
 Assistant Regional Inspector (IS)

cc: Case Inspector Hill
 RI's file.

Internal Revenue Service

Office of Assistant Commissioner (Inspection) I:IS

ATTN: Director, Internal Security Division

Regional Inspector, Western Region

[Feb. 7, 1975]

Use of Electronic Equipment

Re: CACERES, ALFREDO L.
 San Francisco, California
 Bribery
 7-0374-0220 p/f

On February 6, 1975, between 3:05 p.m. and 4:00 p.m., Revenue Agent ROBERT YEE met with ALFREDO L. CACERES at the Holiday Inn Motel, Pine Street and Van Ness, San Francisco, California. During the meeting, Mr. CACERES repeated the conditions of a bribe offer and payment made on January 31, 1975 and made an additional offer of \$2,000 for Mr. YEE to audit his 1973 and 1974 U.S. Individual Income Tax Returns, closing one with no change and the other with a \$300 change. Mr. CACERES suggested that they meet again on February 11, 1975, at which time he would give Mr. YEE another \$500 and he could sign the agreement for the 1971 tax audit.

Prior to the meeting, a Nagra self-contained tape recorder and a Kel radio transmitter were placed on Mr. YEE's person by Inspector D. NURSE, with Mr. YEE's permission. The meeting with Mr. CACERES was monitored by Inspectors and recorded on a Tandberg tape recorder, operated by Inspectors in a car in the immediate vicinity, and on the Nagra recorder on Mr. YEE's person. The tape recorders were activated at approximately 2:52 p.m. and deactivated at 4:05 p.m.

Emergency authorization for the use of electronic recording equipment was granted by the Director, Internal Security Division on February 6, 1975, prior to the use of such equipment.

It is anticipated that electronic recording equipment will be used to record the meeting scheduled for February 11, 1975.

/s/ F. R. Rowe
F. R. ROWE
Regional Inspector

DEFT. EXHIBIT N

MEMORANDUM

[Feb. 12, 1975]

Faxed to: MR. ROWE
From: N.O.
2/13/75, 8:30 a.m.
To: Regional Inspector, Western Region
From: Office of Assistant Commissioner (Inspection)
Subject: ALFREDO L. CACERES
Taxpayer
Bribery
WR 7-0374-0220

On February 11, 1975, the Criminal Division, Department of Justice, telephonically advised that the Deputy Assistant Attorney General authorized the use of electronic equipment in the captioned case for a period of 30 days beginning February 11, 1975. It is requested that we be notified by memorandum of the results of the electronic coverage within 48 hours after each meeting. If the meeting is cancelled, please submit a memorandum stating the reasons therefore.

/s/ James Chenoweth
JAMES CHENOWETH
Acting Director
Internal Security Division

DEPT. EXHIBIT O

[Feb. 12, 1975]

Office of Assistant Commissioner (Inspection) I:IS:C

Attn: Director, Internal Security Division

Regional Inspector, Western Region

Use of Electronic Equipment

Re: CACERES, ALFREDO L.
 San Francisco, California
 Bribery

7-0374-0220 p/f

On February 11, 1975, between 2:35 p.m. and 3:16 p.m., Revenue Agent Robert Yee met with ALFREDO L. CACERES at the Holiday Inn, Pine Street and Van Ness, San Francisco, California. During the meeting Mr. CACERES signed a Form 4549, Income Tax Audit Changes, for 1971, 1972, and 1973, with his name and his wife's name. The form was prepared by Mr. Yee to reflect deficiencies as requested by Mr. CACERES during a prior meeting and the 1973 portion was left blank with the understanding Mr. Yee would fill in figures according to their earlier agreement. Mr. CACERES gave Mr. Yee \$500 cash as the second payment for the changing of the 1971 audit deficiency and promised him \$1000 more when he received notification that the 1973 tax deficiency was assessed as promised by Mr. Yee.

Prior to the meeting, a Nagra self-contained tape recorder and an AID radio transmitter were placed on Mr. Yee's person by Inspector M. Stevens, with Mr. Yee's permission. The meeting with Mr. CACERES was monitored by Inspectors and recorded on two Tandberg tape recorders, one carried by an Inspector in the building and the other operated by Inspectors in a car in the immediate vicinity, and on the Nagra recorder on Mr. Yee's person. The tape recorders were activated at approximately 2:24 p.m. and deactivated at 3:24 p.m.

Authorization for the use of electronic recording equipment was granted by the Attorney General's Office on February 11, 1975, prior to the use of such equipment.

/s/ F. R. Rowe
 F. R. ROWE
 Regional Inspector



Routing Slip

Internal
Revenue
Service

To	Symbol	Room	Initial- Date
Inspector W. A. Hill THRU: G/S Goldenberg (SF-5)			

<input type="checkbox"/> Per our conversation	<input type="checkbox"/> Signature	<input type="checkbox"/> File
<input type="checkbox"/> As requested	<input type="checkbox"/> Initials	<input type="checkbox"/> Prepare reply for signature of
<input type="checkbox"/> Approval	<input type="checkbox"/> Note and return	
<input type="checkbox"/> Comments	<input type="checkbox"/> Necessary action	
<input type="checkbox"/> Information	<input type="checkbox"/> See me	<input type="checkbox"/> Please answer by
<input type="checkbox"/> Corrections	<input type="checkbox"/> Call me	

Remarks

For your information, original of the attached has been inserted into p/f #7-0374-0220.

From (Signed) BARRY COHEN	Phone
Barry Cohen ARI (IS), W/R	Date 3/3/75

Form 1725 (Rev. 11-72)

NO. 75-129
FILED FEB 18 1975
William L. Whittaker, Clerk
By P.C. Givens
Deputy Clerk

INTERNAL REVENUE SERVICE

MEMORANDUM

[Received Mar. 3, 1975]

[Regional Inspector, San Francisco]

date: February 27, 1975
to: Regional Inspector, Western Region
from: Office of Assistant Commissioner (Inspection)
I:IS:C
subject: CACERES, ALFREDO L.
Taxpayer
Bribery
WR #7-0374-0220

Attached for your file is a copy of a memorandum dated February 7, 1975 on which the Deputy Assistant General, Criminal Division, has noted his approval for the use of electronic devices in this case for 30 days beginning February 11, 1975.

/s/ [Illegible]
Senior Coordinator
Field Coordination Branch

Attachment

INTERNAL REVENUE SERVICE

MEMORANDUM

[called
2/11]

date: Feb. 7, 1975

to: Assistant Attorney General, Criminal Division
Director, Internal Security Division
for

from: Donald C. Alexander
Commissioner of Internal Revenue

subject: Notification of Emergency Approval of Consensual Use of Electronic Equipment and Request for Further Use
ALFREDO L. CACERES, Taxpayer; Bribery;
WR 7-0374-0220

On the following dates your office granted approval for the consensual use of electronic monitoring equipment in this investigation: March 25, 1974; April 24, 1974; May 24, 1974; June 27, 1974; July 23, 1974; and, August 29, 1974. Internal Revenue Agent ROBERT KWAN YEE has been assigned to audit the 1971 personal income tax return of ALFREDO L. CACERES, 2395 Ocean Avenue, San Francisco, California. On various occasions during the audit CACERES discussed making a "personal settlement" with YEE whereby YEE would get a payoff for reducing the tax owed by CACERES. During a meeting on January 27, 1975, CACERES stated that he was willing to give YEE \$1,000 and the government \$1,000 to settle the audit. CACERES' actual liability is approximately \$3,200. During a telephone conversation on January 29, 1975, CACERES referred to his January 27, 1975, offer to YEE and asked YEE to meet with him on January 31, 1975. Due to the time element involved this office granted emergency approval for the consensual use of electronic monitoring equipment to cover the January 31, 1975, meeting. During the meeting CACERES paid YEE \$500 to reduce the \$3,200 tax liability to \$1,000 and promised to pay another \$500 when he received the paper work from IRS

indicating that YEE had kept his part of the bargain. During a subsequent meeting on February 6, 1975, for which this office again granted emergency approval for the consensual use of electronic monitoring equipment, CACERES offered to pay YEE an additional \$2,000 if YEE would handle the audit of CACERES' 1972 tax return as no change. The next meeting between CACERES and YEE is scheduled for February 11, 1975. We request authorization for the consensual use of electronic monitoring equipment to cover the February 11, 1975, meeting and any subsequent meetings necessary to conclude this investigation.

/s/ [Illegible]
Director
Internal Security Division

Approved: for 30 days:
(Pursuant to Order No. 566-74)

/s/ Kevin Maroney
KEVIN MARONEY
Deputy Assistant Attorney General

Date: 2/10/75

SUPREME COURT OF THE UNITED STATES

No. 76-1309

UNITED STATES, PETITIONER

v.

ALFREDO L. CACERES

ORDER ALLOWING CERTIORARI

Filed June 5, 1978

The petition herein for a writ of certiorari to the United States Court of Appeals for the Ninth Circuit is granted.